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PLAY METER

APRIL 15, 1986

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PLAY METER

Twice a Month Publication for the Coin Operated Entertainment Industry

Member

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An obvious staple of the industry, pool tables offer extremely low cost relative to length of service and the opportunity to increase revenues through leagues. Knowledgeable operators and manufacturers discuss the keys to operating pool tables successfully.

Survey reveals industry ethics 19

Having compiled responses to a December 15 Play Meter survey, Michael McBride and Richard Priesmeyer examine the ethics of the coin-op amusement industry. Answer the reprinted survey questions and see how your ethical standards compare.

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More than 700 visitors at the American Coin Machine Exhibition attended seminars on topics ranging from revitalizing equipment to developing a business plan.

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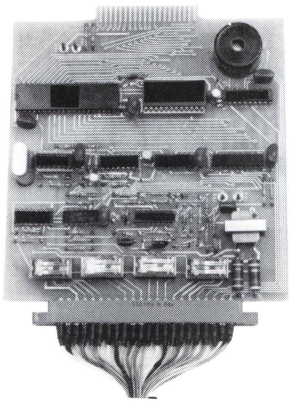
Cover: Designed by Margret Vincent.

$$++ The DOUBLE PLAY ++$$



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Parallel boards a serious problem

I've been thinking a lot about parallel imports since they were the topic of many discussions at the ACME show. At the industry firing line, the subject was bantered back and forth among operators, distributors, and manufacturers. Even the trade publications were criticized for accepting ads from companies selling parallels. One operator said he had not been aware of the problem before the show, and he was probably only one of many who still are not even aware or particularly concerned about parallel boards.

An FBI agent discussed the problem at a seminar, and many attendees left with changed feelings about parallel boards. Though everyone with a stake in the coin-operated entertainment industry should have been at the seminar, fewer than 100 showed up. I don't claim the turnout was small because no one was interested; I think it was because the parallel-import problem is fairly new to this industry, though it has touched others.

An operator questioned the manufacturers for seeming to place the blame on operators for the problem. Sure there are some disreputables calling themselves operators and who would be at the head of the line to do anything unethical if it saved them a buck, but I truly believe most operators are trying to make a decent living, a decent *honest* living.

I believed it even more when operators asked me how to tell if someone were selling parallel boards. Most operators want to know; they don't want to be caught doing something unethical or illegal.

But that is the complexity of the parallel board issue; the boards are not illegitimate copies of legitimate games. The Justice Department has said parallel boards are illegal, but there have been no court rulings in any cases involving them. Copied boards are easier to spot, and it's getting easier to prosecute offenders—some are in jail now. But that came about because of work by many people in this industry with the cooperation of law-enforcement agencies. A copy board is a copy board, and when one is found it's obvious what it is. Parallel boards are manufactured legally overseas by legitimate companies and find their way into the U.S. Although they are not *supposed* to be sold here, they are, and that is the heart of the problem.

It's a serious problem, folks, so a head-in-the-sand attitude won't work. Take it seriously, and if you didn't hear what FBI agent Bob Fay (who will be working at AAMA focusing on enforcement work) had to say about it at the show, start your research now. An I-didn't-know answer will not hold up in court.

Valerie Cognevich

Valerie Cognevich
Director of Advertising/
Executive Assistant

NEWS

Senators introduce polygraph bill

Senators Oren Hatch and Ted Kennedy have introduced a federal bill (S1815) that would prohibit the use of polygraph tests for employment. According to this bill, violators would be subject to fines up to $10,000 and up to six months in prison.

A similar bill (HR 1524) introduced by 167 sponsors, would also prohibit businesses using polygraph tests as a condition for employment, but not include criminal penalties. The bill would make available private civil action remedies for plaintiffs.

Ohio Representative Cliff Skeen has introduced the bill in the Ohio legislation. The Ohio Music and Amusement Association (OMAA) has expressed its disapproval of the state and federal bill. "Though I don't know the numbers, I'm certain many coin-operators depend on polygraph tests in their hiring practices. The association feels prohibiting polygraph tests would hurt the larger operators tremendously," said Judy Martin of OMAA.

Operators in other states should call their association to find out what is being done and whether similar legislation has been introduced in their states. •

Southern states seize poker machines

Law enforcement agencies are cracking down on poker machines in Mississippi, Alabama, and Louisiana.

After receiving citizen complaints, the Jackson County district attorney's office began an investigation into racketeering and corrupt activities in that county, which resulted in 16 arrests and confiscation of 200 gambling machines. The investigation expanded into two other Mississippi counties, Hancock and Harrison, and into Mobile County in Alabama.

In an Associated Press article, District Attorney Mike Moore said, "The machines confiscated are part of an ongoing investigation into racketeering and corruption along the Gulf Coast."

In Louisiana's St. Bernard Parish, detectives seized three electronic poker games at three businesses, immobilized eight others, and arrested four employees following a month-long undercover investigation into illegal gambling. Complaints from citizens and the attorney general's office initiated the investigation. If convicted, those arrested face up to six months in prison and up to $500 in fines.

During the investigation, undercover agent Will Aldridge played the electronic poker games while Sgt. Carmel Lovoi watched. Aldridge said employees made no effort to conceal illegal payoffs, even though they knew he was a police officer. "People in this parish playing poker apparently don't feel its a gambling violation, or any great crime," he said.

Deputies claim that dozens of electronic poker machines are located in businesses in St. Bernard Parish. Aldridge said the investigation will continue. •

Cue Ball Kelly dies at 90

In our last issue (April 1, 1986) we reported that J-S Sales Company was working on the development and testing of the Cue Ball Kelly line of billiard items. Sadly, we must now report that Cue Ball Kelly, 90, passed away on March 23 after suffering a heart attack just short of the debut of his new product line.

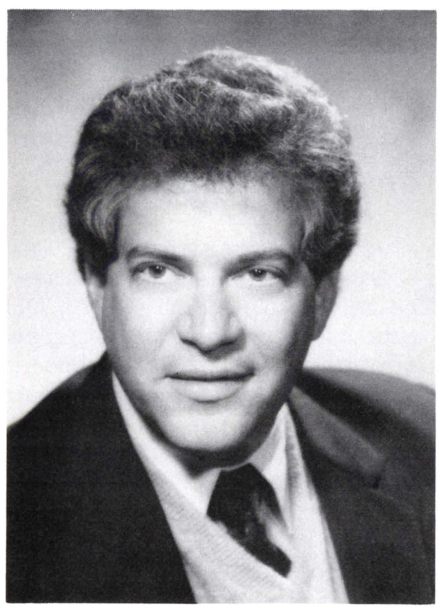
Kelly, whose real name was Carl Zingale, acquired the nick-name Kelly when friends began calling him Kelly instead of Carly when he was a young boy. The second of 24 children born to Rosa and Michael Zingale, he played his first game of billiards at age 11 and went on to win the New York State Championship at age 15. Kelly was the referee of the Billiard Congress U.S.

Awards were presented to the top teams and players in IDEA's Royal Darte League at a recent banquet at Carl's Fargo Coach Rooms in Sycamore, Ill. Spring league competition begins soon.

Open for 66 years and was elected to the Professional Pool Players Association's Hall of Fame in 1974.

Kelly was looking forward to his new career as goodwill ambassador and spokesman for J-S Sales and to the new Cue Ball Kelly products. According to Janet Shimal of J-S Sales, "He was so proud of his Cue Bally Kelly line of products. Whenever we would get a new item, he would practically stop strangers to show them. He was a wonderful, enthusiastic man, always thinking of others."

The others he thought of were residents of the Hugh Doyle Senior Citizen's Center in New Rochelle, N.Y., Kelly's hometown. He visited the home often, showing trick shots to his peers. J-S Sales has pledged to carry on his philosophy of charitable work by earmarking a portion of his endorsement earnings to the Hugh Doyle Center. •



Martin Glazman

Williams division appoints Glazman

Williams Electronics Games, Inc. has appointed Martin Glazman as vice president of sales.

Prior to his appointment Glazman was vice president of sales of Digital Controls, Inc. He previously was sales manager for Williams Electronics from 1981-1983. •

Pub Time kits now available

Nomac, Ltd., has announced that qualifying kits for its *Pub Time Darts* $50,000 National Championships are now available through Nomac headquarters in Algonquin, Ill.

Kits are priced at $50 each and contain 16 qualifying certificates good for free entry into the three $10,000 regional playoffs and the $20,000 national playoff in Las Vegas; plus instructions, announcement posters, rules, sign-up sheets, and double elimination charts. There is no limit to the number of kits purchased.

Nomac recommends that operators run qualifying tournaments in each category of play: men's doubles, women's doubles, open singles, and mixed doubles.

The $50,000 program consists of three levels of play: 1) local playoffs in taverns; 2) three $10,000 regional playoffs, scheduled for Seattle, Wash., Minneapolis, Minn., and Orlando, Fla. during July; and 3) the $20,000 National Playoffs in Las Vegas, Nev., August 15-17.

The program is open to all operators of electronic dart games, regardless of brand. Local winners are not required to compete at the regional level to make the nationals. Once a player has won a certificate locally, it qualifies him for both the regional and national playoffs.

For more information, write Nomac, Ltd., 901 Armstrong St., Algonquin, IL 60102. In Illinois call 312/658-6166; outside Illinois call 1/800/323-0449. •

Brainard leaves Dynamo

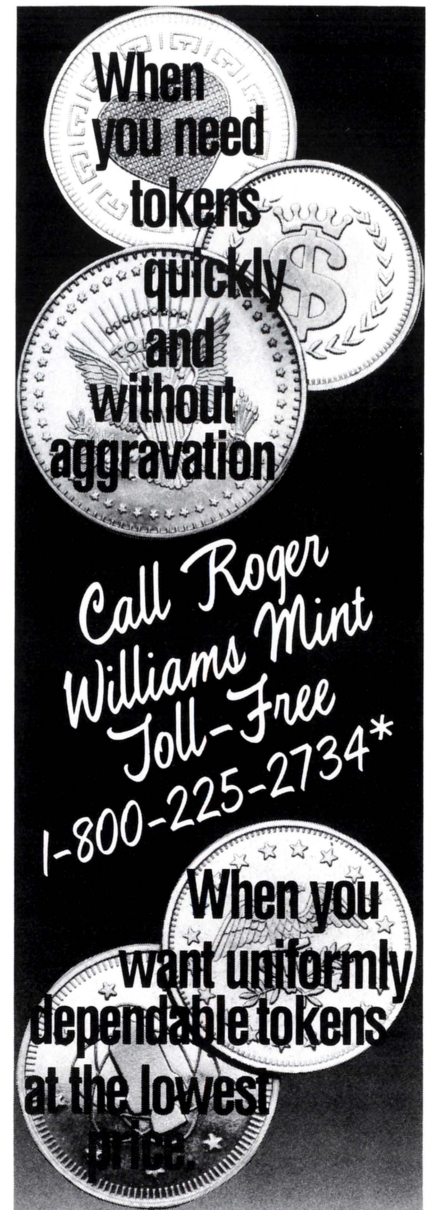
Promotional consultant Kathy Brainard is no longer under contract to Dynamo Corporation, where for two years she has handled public relations and organized a national soccer table tournament program.

Brainard will continue to promote the sport of table soccer in her position as executive director of the U.S. Table Soccer Association and said, "Player interest world-wide is on an upswing right now. The Mexican association has contacted us to set up a Mexican/-American/Canadian Challenge in 1987 and the USTSA will be chartering a plane to take Americans to the Brussels and Luxembourg tournaments this October.

"I personally believe the sport has a great future, but not necessarily within the realm of the coin-operated amusement business."

Brainard's promotional firm, Major Events, still offers promotional consulting to the coin-op business.

For more information on the U.S.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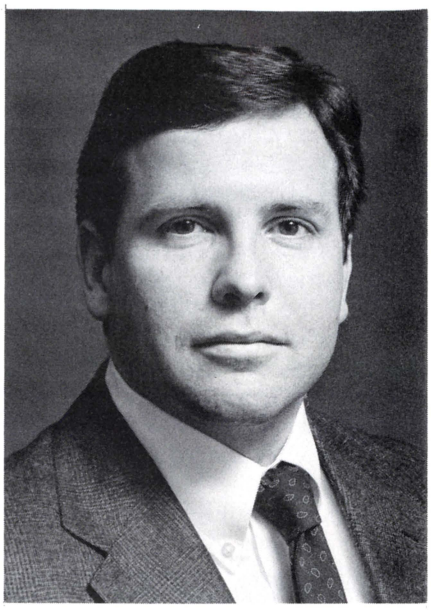

Eugene G. Ostendorf

Mars Electronics appoints Ostendorf

Mars Electronics appointed Eugene G. Ostendorf as sales manager. He will be responsible for all existing OEM accounts in addition to seeking new applications for Mars' electronic coin changers, bill acceptors, and control boards.

Ostendorf previously was a sales engineer for EG&G Rotron, a New York company that manufactures electromechanical components for the defense market. •

Rowe names Atlas

Rowe International has appointed Atlas Music and Novelty Co. exclusive Rowe music distributors and authorized Rowe vending distributors for the western Pennsylvania market area. •

Big Apple installs *Cashphone* in N.Y. hotel

Big Apple Telecommunications has selected the *Cashphone* by Capital Tel Systems for its installation of 54 universal coin and credit card private pay phones in the New York Penta Hotel.

Big Apple and Capital Tel recently announced the signing of a pay

phone installation agreement with Denny's Inc., operators of Denny's Restaurants and Winchell Donut Houses. The Queens Village, N.Y. company will operate nationwide and service hotels, hospitals, restaurant chains, and retail outlets. •

Rand of Phoenix appoints three

Rand of Phoenix, Inc. has appointed Jill Albers, Earl Fingerman, and John Wright, Jr. to new posts.

Jill Albers has been named vice president of advertising and public relations. Earl Fingerman has been named national director of marketing for the Tele-Rand pay telephone division and will be responsible for establishing and communicating with pay phone distributors nationwide.

John Wright, Jr. is the new assistant director of marketing and specializes in technical sales direction and consultation. Both Fingerman and Wright were formerly with a Pittsburgh telecommunications firm that had been a Rand pay telephone distributor. •

Nintendo's money grab winners get $4,245

Nintendo of America gave away $4,245 in cash during its Cash Grab promotion at ACME. Show attendants who were among the 25 high-scorers on the new *VS. Super Mario Bros.* video game qualified for a drawing to select five winners to enter Nintendo's "cash cube" and have a chance at $10,000.

Winners were: Chris Slimmer, first place, $1,200 in 60 seconds; Steve Harris, second place, $1,190 in 40 seconds; Reggie Horak, third place, $845 in 40 seconds; Kevin Philpott, fourth place, $255 in 20 seconds; and Brent Walker, fifth place, $755 in 20 seconds. •

AAMA to exhibit at bowling trade show

The American Amusement Machine Association (AAMA) will exhibit a sampling of games at the Bowling Proprietor's Association of America trade show scheduled June 25-27 at the MGM Grand Hotel in Reno, Nev.

According to AAMA's Scott Studebaker, "The association (AAMA) has targeted 1986 for promoting the coin-op entertainment industry. We have selected several industries, including convenience stores, bowling, and the licensed beverage association as prime markets for games and will host a booth at each of these trade shows.

Studebaker noted that AAMA has completed studies that indicate 27 percent of the 5-17 year old age group participate in bowling. He said, "Since the majority of people who come to bowl must wait their turn, it is only logical there be something to offer them while they wait.

A crowd gathers to watch Nintendo's Cash Grab. Five contestants qualified for a chance to enter the "cash cube" and try for $10,000.

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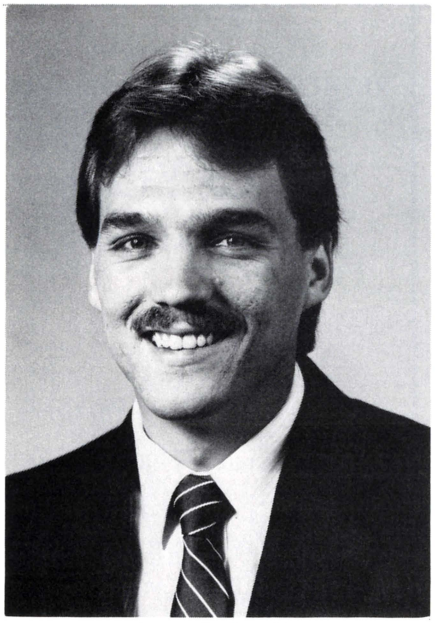


Jerry Korbecki

Konami promotes Korbecki

Konami, Inc. has promoted Jerry Korbecki to the post of production manager.

Formerly technical service manager, Korbecki will be responsible for the overall operation of Konami's parts department, technical service area, and the assembly and packaging of Konami's upright video games.

Before joining Konami in April, 1984, Korbecki acquired technical service experience with Omron Electronics, Inc. and Bally Midway Manufacturing. •

Mondial opens Long Island office

Mondial International Corporation has opened a branch office in Long Island, N.Y.

The company, which has offices in New York City and Springfield, N.J., will maintain a parts and service department and the facility will be stocked with a complete line of videos, phonographs, pinballs, and vending machines.

According to Dick Sarkisian, executive vice president, kit installation and repairs on most equipment will have a 48- to 72-hour turn-around time guaranteed.

The Long Island office will be managed by Monty Wilson, who has been a Mondial sales representative covering the Long Island territory.

The new branch office's address is 45 Voice Road, Carle Place, N.Y. 11514, telephone (516) 742-0131. •

SMS promotes Mirando, Pietrangelo

The board of directors of SMS Manufacturing Corporation has announced the promotions of Sal Mirando and Jim Pietrangelo.

Mirando, president and chief operating officer, has been promoted to the additional post of chairman of the board.

Pietrangelo, national sales manager, has been promoted to the added position of vice president. •

Banner holds spring showcase

Banner Specialty Company of Pittsburgh recently held a Grand Opening Spring Showcase. Over 450 guests attended including 15 manufacturer representatives who presented the latest in vending, music, and games.

Among the manufacturers were: Penn Ray, Grayhound, Automatic Products, Mars Money Systems, Coin-Co., Rowe, Kramer, Nichibutsu, Atari, Litton, Bally, Ardac, Valley, Amusement Emporium, Nintendo, Premier, Merit, Kitkorp, and SMS, many of whom donated prizes to be given out during the event.

Doug Wilson, Banner vice president, welcomed NSM products to the Banner line. •

Coin Machine Dist. adds to Rowe line

Coin Machine Distributors has been appointed an authorized distributor of Rowe vending machines in New York, New Jersey, and Connecticut. Already a distributor of Rowe jukeboxes, the company will now carry the entire Rowe vending line.

In addition, Ginny Kientz has been named manager of the vending department. Peter Bieksha will call on operators in New York and New Jersey, and Bob Henderson will handle the Connecticut territory. •

Atlas appoints Larson

Atlas Music and Novelty Co. has appointed Lou Larson assistant manager of the company's Pittsburgh office. Larson formerly was branch manager of Bally Distributing and has nine years of experience in the coin-op vending and amusement business. •

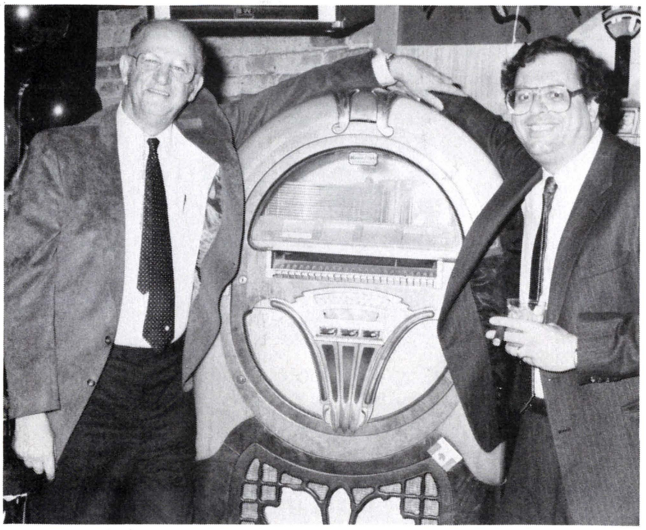
Tom Cahill, Williams' customer service manager, recently conducted a service school for Laniel Automatic Machines, Inc., in Montreal, Canada. Forty-four technicians came to learn the System II, currently used on *High Speed*.

Bally sponsors fifties party

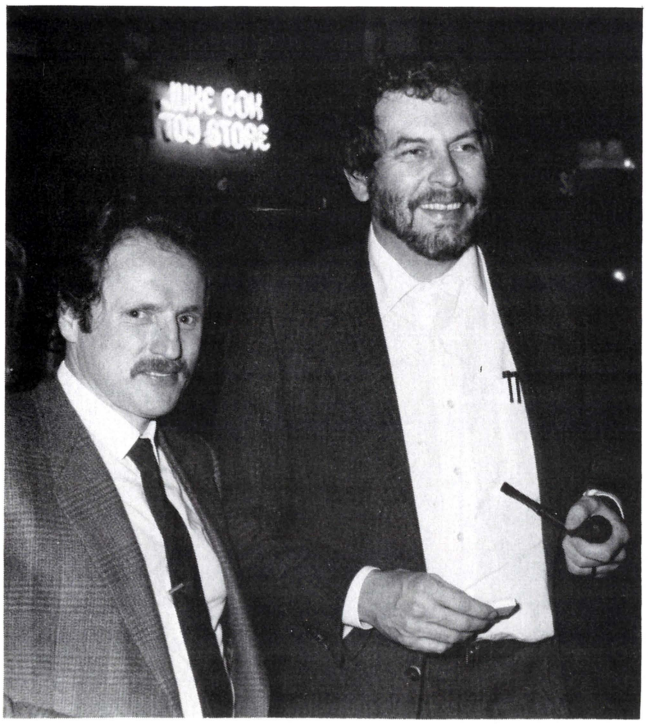
During ACME, Bally Midway and Bally Sente welcome over 200 guests for a "Back to the Fifties" party at Jukebox Saturday Night, a theme night club in Chicago.

Distributors, operators, and exhibitors attended the party costumed to match the era and relive the days of saddle shoes and hula hoops, poodle skirts and "d.a." haircuts.

A disc jockey directed a hula hoop spinning contest and a dance contest featuring the "twist," and rewarded winners with prizes like a lighted pink flamingo, chartruese ceramic cougar, and hit records of the day. Top winners in the dance contest received a private party for 50 at the club.



Al Toranto of Birmingham Vending, left, and Joel Friedman of Rowe in the fifties spirit.



Nolan Bushnell of Bally Sente, right, and Mike DeSantis of Playtronic S.RL in Italy enjoy the Jukebox Saturday Night atmosphere.

Ira Bettleman of C.A. Robinson, left, joins Sandy and Andrea Bettleman, and Al Rodstein, right, of Bally Banner.

Maurice Ferchen of Bally Midway, second from left, welcomed guests as they entered.

Bally Sente's Bob Lundquist, right, and Ed Rothberg sport collegiate attire for party.

Both Bally Midway and Bally Sente offered their newest games on free play, including *Name That Tune* from Sente and *Lady Luck* from Midway. Pizza and hot dogs were available.

Maurice Ferchen, president of Bally Midway, greeted guests at the door. Bob Lundquist, president of Bally Sente, said, "It was cool; there wasn't a square in the place!" •

Operators gather for prize drawings during NECO open house. Manufacturer-donated game kits and a trip to Puerto Rico were given away.

Betson's ACME East begins open house series

The first in a series of Betson open houses, titled Betson's ACME East, was held on March 13 at the Betson Enterprises headquarters in Moonachie, N.J. Other open houses followed at New England Coin-Op Distributing in Norwood, Mass. and at Betson Pacific's San Francisco and Los Angeles, Calif. offices.

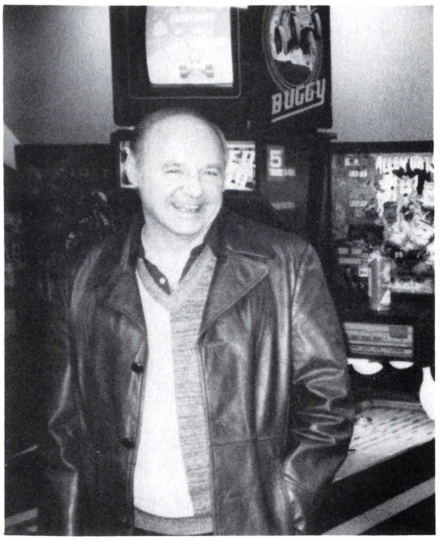
According to Bob Boals, music and games sales manager for Betson Enterprises, "Betson's ACME East drew over 320 people, of which 225 were operators. Fifty-two manufacturers were represented and it was one of the best attended in the annual show's history."

Seventeen prizes were awarded, including a five-day vacation in Puerto Rico, donated by Betson Enterprises; and a $500 color TV donated by Williams Electronics. Richard Fancher of United Video Systems in Glen Cove, N.Y. won the vacation. Other prizes, mostly game kits, were donated by manufacturers. A buffet table was available for attendees.

New England Coin-Op Distributing (NECO), a subsidiary of Betson New England, hosted an open house on March 16 and welcomed 250 people for a Sunday barbecue. Ninety-four different operating companies were represented and ten major manufacturers exhibited new games.

"For us Sunday is a great day for a show because it enables operators to come with their families," said Rick Kirby, vice president and general manager of NECO. According to Kirby, "Operator enthusiasm toward the business is at a peak. They are happy because the games are making good money. Manufacturers can be proud of the line of equipment available now."

Also present for NECO were: Dick Donlan, Bob Donnelly, Bob Mulvey, and Dave Tucker. Betson Enterprises representatives included: Joe Cirillo, Kevin Fritz, and Bob Geschine.



Skip Meadows of RonDon Amusements in Bayshore, N.Y., views new product lines at Betson ACME East.

Prize drawings were part of the NECO show. Vermont operator Art Merchant and his wife Ginny won a trip to Puerto Rico and other operators won kits donated by manufacturers.

Betson Pacific's branch office in San Francisco opened its doors to 50 different operating companies for an open house on March 19. Atari, Capcom, Data East, Romstar, and Sega all exhibited new products.

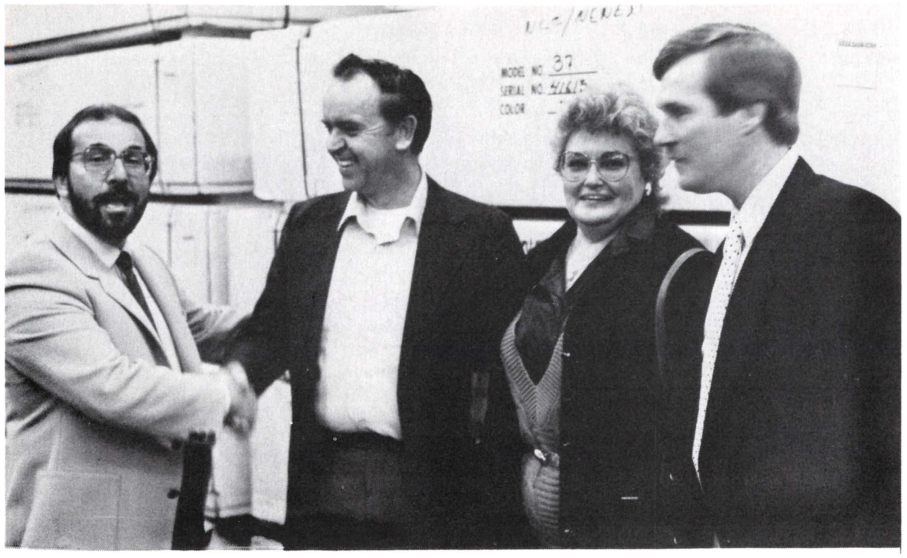
Noted John Lotz, director of marketing for Betson Pacific, "Operators are enthusiastic about the equipment. Collections for operators are up 10 to 15 percent over last year. Operators are optimistic and it signals a return of confidence to our industry."

On March 21 Betson Pacific's headquarters in Los Angeles hosted 100 operating companies at its open house. Among the manufacturers represented were: Atari, Data East, Konami, Merit, Premier, Romstar, and Sega.

Refreshments were available at both the San Francisco and Los Angeles open houses.

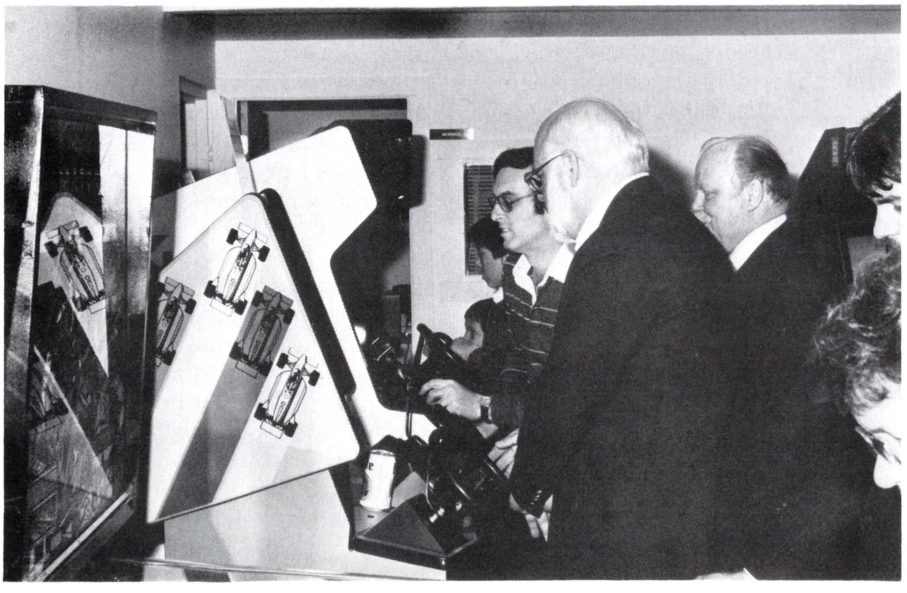
Editor's note: New England Coin-Op Distributing is a new company, recently locating its facilities at 672 Pleasant St., Norwood, MA 02062, (617) 769-9760. •

ACME 87
MARCH 20, 21, 22 • NEW ORLEANS



Joe Cirillo, left, and Rick Kirby, far right, congratulate Art and Ginny Merchant of Vermont on winning NECO's Puerto Rican vacation.

Attending ACME East were, left to right: Joe Camm, Betson; George Hamilton, Jr., Terminal Vending, N.J.; and Kevin Fritz, Betson.



Atari's Jim Newlander, right, shows Super Sprint *to operators Steve Beckler, left, and Jeff Wager, center, at NECO open house.*

THE CALENDAR

May 13-14
RSROA (Roller Skating Rink Operator's Association) Trade Show, Terrazo Room/Exhibit Hall, Disneyland Hotel, 1150 West Cerritos Avenue, Anaheim, CA 92802. Contact Pamela Myhre or Patty Shorney, RSROA, P.O. Box 81846, Lincoln, NE 68501 or call (402) 489-8811.

May 15-18
Wisconsin Amusement & Music Operators Annual Convention and Trade Show, Embassy Suites, Green Bay. Contact WAMO at (414) 529-4704 or 425-7689.

May 29-June 1
Florida Amusement/Vending Association (FAVA) Convention and Tradeshow. Hyatt Orlando, Kissimmee, Fla. Contact Norm Jensen at (904) 878-3134.

May 30-June 1
Pennsylvania Amusement & Music Machine Association Annual Convention, Sheraton Valley Forge Hotel/Valley Forge Convention & Exhibit Center, King of Prussia (near Philadelphia), Pa. Contact John P. Milliron at (800) 521-7778 (PA only) or (717) 232-5322.

June 6-8
The Tulsa Electro-Mechanical Antiques Show and Sale, Tulsa Expo Square (Tulsa State Fairgrounds), Exchange Center I (Educational Building), East 21st Street between Harvard and Yale Avenue. Contact Jensen Production, Box 471244, Tulsa, OK 74147 or call (918) 627-5770 in Oklahoma or 1-800-826-5646 out of state.

June 20-21
Utah Amusement Music Association Summer Meeting, Yarrow (old Holiday Inn,), Park City, Utah. Contact UAMA, 11 East Redondo, Salt Lake City, Utah 84115, or call (801) 466-9424.

June 20-22
Illinois Coin Machine Operators Association 19th Annual Meeting, Indian Lakes Resort, Bloomingdale, Illinois. Contact ICMOA at 710 East Ogden Ave., Suite 113, Naperville, IL 60540, or call (312) 369-2406.

July 24-26
Amusement, Music Operators of Texas Annual 1986 Trade Show, La Mansion Hotel, Austin, Texas. Contact Don McCollough at (512) 454-8626.

Pool tables bring steady income

by Bonnie Theard

"Pool leagues have been a lead-in to contracts..."

"Operators recognize the pool table as a good working base because of its predictable income and product life cycle."

"Leagues have brought a new respectability to pool ... and broadened the base of players."

Operators and manufacturers alike describe pool tables as *the backbone of our business ... a workhorse ... our bread and butter ... the gravy from a location.*

An undisputed staple of our industry, pool tables offer attractive advantages, among them: low initial cost for years of long service, low maintenance, increased revenues generated by pool leagues, and lastly, resale value to the home market.

Anyone considering pool tables for their inventory would relish a conversation with manufacturers Charles Milhem of The Valley Company, and Mark Struhs of Dynamo Corporation; also operators like Bill Nemgar, Tammy Norberg-Paulsen, Fred Saack, and Mike Trucano, who have been successful with pool leagues. These are the individuals to seek out and *Play Meter* talked with all of them.

According to Bill Nemgar of Salmon River Amusements in Salmon, Idaho, "If operators go into a location with good equipment and support programs such as pool leagues, they can realize a steady income.

"Consider the initial investment of $1,400 to $1,600 for a top line table. When you put it in you rarely have to move it—for years. Consider no labor, low maintenance, and few service calls. With electronic games service men are on the road daily. When an electronic piece dies in nine months to a year, and that's a generous amount of time, what is it worth? The distributor won't trade it. A kit averages between $500 and $1,000. But a distributor will take a pool table on trade and you can sell to the home market and recoup 40 percent of your initial cost after it has been an earning piece out there for five years and you didn't have to move it."

Nemgar has 10 years experience in pool table operation, beginning his career at D&R Star Company of Rochester, Minn., where he initiated pool leagues. He went to The Valley Company next and developed the pool league program nationally. Still a consultant for The Valley Company, Nemgar has operated Salmon River Amusements for over four years.

"Leagues are particularly strong in the Midwest," said Nemgar. "Operators there did not give up pool tables to locations to gain videos. Operators thought they could get more money from videos plus some for selling the table to the location. Locations saw that pool tables were easy to operate and maintain.

Locations and contracts

"Operators must try to get location-owned equipment back. We're in the promotion industry now. We don't hold any great secrets or advantages as operators. We must give service and provide quality equipment. We have the advantage of being able to replace bad equipment."

According to Nemgar, "Operators must determine if locations are interested in percentages or bottom line money. Does the location want 100 percent of $50 or 40 percent of $200? With pool leagues operators must get in there and maintain tables. Often, location-owned equipment is inferior product, not leveled or kept covered, and cue sticks may not be in shape. One of the biggest fallacies is that a location can double earnings by offering 25-cent play. Fifty-cent tables right next to 25-cent tables still draw more because 50-cent tables are better equipment."

Nemgar changes tables every three to four years and rotates equip-

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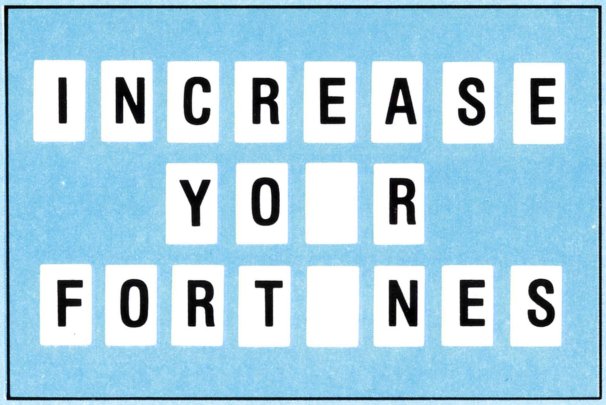

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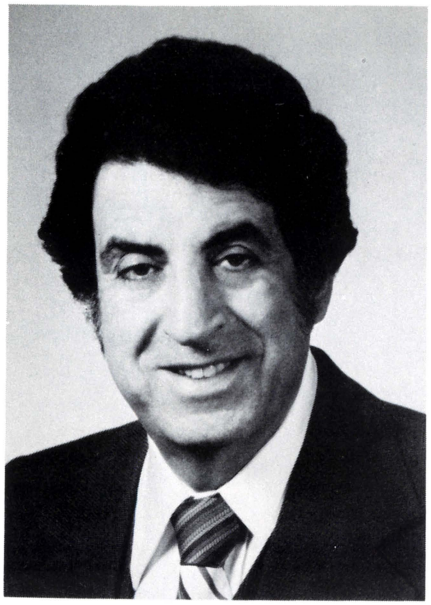
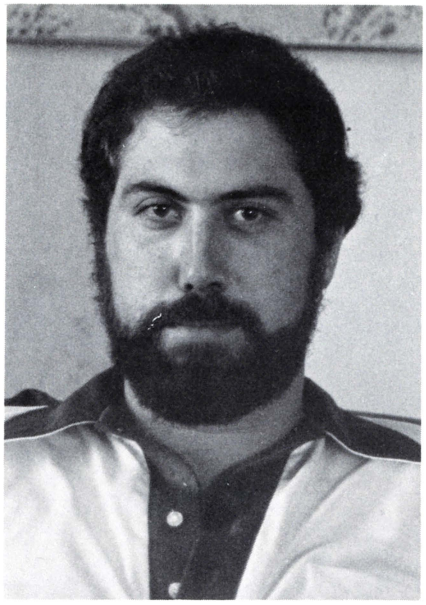
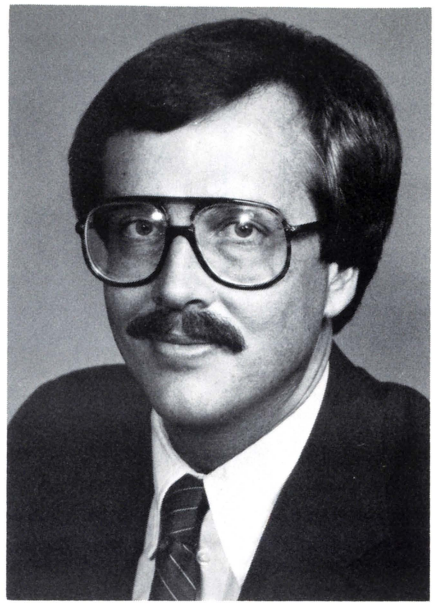


Charles Milhem



Bill Nemgar



Mark Struhs

ment from key spots through the ranks, then to the home market, where "an operator can recoup $600 to $650."

Nemgar strongly advises contracts. "I'll be the first to admit that in many instances it's difficult to get. Pool leagues have been a lead-in to contracts, with success being leverage for operators seeking location contracts.

"A three-to-five year contract is good if you can get it. Operators have to be able to show security and cash-flow to bankers if they are going to keep current equipment. Once you've got a signed contract, it's a more professional deal. Verbal agreements are fine, but all the details are not stated. There can be misunderstandings when location ownership changes. It's a common instance and has cost me locations in the past. Usually, if someone is bounced out of a location it is an emotional decision, not a business decision. With a contract, the agreement is in black and white."

Predictable income

"Operators recognize the pool table as a good working base for their operation because of its predictable income and product life cycle," said Charles Milhem, president of The Valley Company. "Operators are well aware that pool tables are the best investment. There is no piece of equipment that brings in greater return, with low maintenance, and no obsolescence. Operators can project optimum value before replacement."

Milhem stated that for the first quarter of 1986 Valley has run 15 percent ahead of last year's sales. "We had an extra-ordinary January, and based on the mood I see, an overall 10 percent increase for the year can be expected. Our cue business is also up 20 percent. Replacement of one piece cues is proportionate to play. We've talked with cloth suppliers and cloth sales are up as well.

"The area of growth we are delighted with is the emergence of the market in bowling alleys converting from the larger commercial tables with timed play, to coin-op tables. Locations can utilize more space in their game room or put tables on the concourse. Some of the larger chains have turned to coin-op tables, notably Fairlanes of Baltimore, Md., and the AMF Bowl-Op Group of New York."

Valley has introduced a new table this year, the *Cougar ZD-4*, and the company will soon offer a finance program, a lease-purchase arrangement, to facilitate financing for expansion of routes.

"The progressive operator wants to get into new products," said Milhem. "When an operator puts in a new table, revenues go up. People like new things. Tavern patrons who see a new table will want to play it."

According to Milhem, "Table sales grow as leagues grow. League players, unlike casual players, practice, playing roughly four games of practice for every one of league play. When a player improves his expertise, the game time goes down and revenues increase. If you apply the same thinking to video games, as expertise increases, revenues go down because the player has more time on the machine."

Milhem said 35,000,000 Americans play pool at least once a year and it is ranked one of the top 10 participation sports in the U.S. "Considering these figures, pool leagues are viable anywhere. All the operator has to have is a minimum of four teams to start. The best leagues are eight or more teams. Pool leagues seem to be strongest where the state association runs a concurrent program with a tournament or series of tournaments. Players can compete in home leagues, on the state level, and on a national level."

Milhem views pool leagues as a social activity and said, "Players like to compete against players of all skill levels, to socialize, and to belong to a group. Operators have to maintain their tables if they want to maintain their locations and the players. If they let the equipment go the players will disappear.

"The only spectre on the horizon is the cost of slate. Although the product is made in the U.S. and most of the materials are found here, the slate used in all tables comes from one area of Italy and prices have been rising. Everyone has had a 20 percent increase in the cost of slate and we are anticipating another 20 percent increase in June. The prudent operator interested in pool tables will have to take this into consideration. If he procrastinates, he will be faced with paying more for his tables no matter where they are purchased."

Broaden player base

"Leagues have brought a new respectability to pool," said Tammy

Norberg-Paulsen of C&N Sales in Mankato, Minn., one of the largest leagues in the Valley program with a tally of 3,500 players in Minnesota and Iowa.

According to Norberg-Paulsen, "Leagues have definitely broadened the base of players. We have seen a dramatic increase in the number of women competing. Parents have been supportive of our new junior league for teens aged 13-18. The junior program has been started locally as a test market.

"Also, leagues have been able to virtually eliminate location-owned tables in some areas. From the operator's standpoint a lot of time and money is involved. It takes continued supervision, time and effort. Like any sport, participants have to think they're involved in something special. The only way to accomplish that is to be innovative with your league program. It's not just a matter of putting out a few posters. The benefits are worth the effort since leagues lock the operator in solid with a location and new locations are gained from the example of successful leagues.

"By guaranteeing customers to a location for league play you increase the revenues of the other equipment in that location. We often get referrals for new locations from players. Running a league is basically promoting your locations and your equipment."

C&N added dart leagues to its operation two years ago and the league has doubled in size. "There is a fear about darts," said Norberg-Paulsen, "a fear that locations burn out on leagues. But it's not true because three-quarters of the players are different."

C&N utilizes local newspaper advertising, posters at locations, and feature patches and special award categories for players, plus publishing a 24-page monthly magazine for pool and dart league players. It's biggest competition of the year was held March 21-23 with over 200 teams competing. Thirty of those teams qualified to attend the Valley National Championship this June in Las Vegas, Nev.

The aggressive approach

"The pool table business is very healthy and our business is strong," said Mark Struhs, vice president of Dynamo Corporation. "Our operators are in good financial condition and seem to be in the mood to aggressively pursue new street locations.

"What Dynamo has done is fought for a larger market share—we're like the aggressive operator.

"Good, smart operators on contract and involved in leagues, who act like they care about accounts and pay attention to equipment are not losing accounts. Operators must provide services that mean something to the location. Collectors are normally in and out and pay no attention to merchandising an account. Many operators don't pay much attention to detail—they're in the moving business. Time and time again bars tell me this. It's partly psychological, but operators must make the account beam when they come in. Operators must try to dream up ways to get closer to their accounts. Go after contracts, then provide service over and above collecting.

"The West Coast is particularly a problem with location-owned pool tables. Once an operator lets a location out of his hands it's difficult to get back. Operators have been mistaken in the past by not taking a firm stand. Operators need pool tables in locations. Pool tables, along with music, are the workhorses of our business. With strong products and

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good customer service, power may shift back to the operator's hands."

Fred Saack of D&R Star Company in Rochester, Minn., advises "getting out and working the territory. Get location owners to like you and get key people to assist in starting your league program. Sell the program to locations and players. Obtain proper league materials and make the game as clear as possible because the more customers play the more they want to refine their game.

D&R Star, which numbers 470 teams in its pool district program and 150-plus teams in the dart program, operates between 600 and 700 pool tables.

Employees pay close attention to detail when completing production of the Big D *pool table before the move to Dynamo's new Richland Hills, Texas, facility.*

Stem location-owned tide

"Pool leagues are the only way to stem location-owned pool tables," commented Mike Trucano of Black Hills Novelty Company in Deadwood, S.D., and editor of *Eight-Ball News & Views*.

"The pool table is one of the easiest pieces of equipment to operate, and because of this there is a tendency for locations to own tables. The operator must give the location something it might not otherwise have—a strong league program. It's tough setting up and organizing a league every year, but it's well worth the time and effort invested.

"Approach locations and ask them to join the league you are forming. To participate in the Valley League competition must be on the operator's tables. Locations will see how successful the league is and may beat a path to your door to get involved. An operator can buy the location's tables and replace them with his own. It's a bad idea to mix equipment. The operator running the pool league must supply cue sticks, chalk, missing balls, etc. The operator has to have all the pool business for a location, not just run the league. If operators hold their ground, in most cases the location will agree.

"Once you have purchased the location's tables, you may then refurbish the tables and place in another location (not back in the original location or anywhere nearby) or sell for home use."

Staying power

According to Trucano, "Pool tables, jukeboxes, pinballs, and cigarette machines were always there, they were always the backbone of the industry. For us this equipment has contributed a steady stream of revenue. We were all fooled in the video heyday that we would be counting big money indefinitely, but it didn't happen that way. When the bottom fell out of the video market we found something that had been there all the time. We went back to the basics that have kept our company running for 51 years."

For operators considering pool tables, Trucano endorses pool leagues. "I can't believe that with hard work and dedication every operator in the country couldn't have a league by the fall."

Operators interested in the Valley League program may write the company regarding pool league starter packets. An operator applies for a charter, and for a fee of $150 receives detailed information on how to start and run leagues, plus promotional materials to help operators with the program. •

D&R Star Company of Rochester, Minn., uses 60 pool tables for competition during its annual team tournament held in the Mayo Civic Auditorium.

Survey reveals industry ethics

by Michael McBride, Ed.D., and Richard Priesmeyer, Ph.D.

How ethical are your business practices? Are you more ethical than your location owners? Are you less ethical than your doctor or dentist? This article includes the results of our recent survey of ethics in the coin-operated amusement industry. Before looking at our findings, fill out the survey form below. Then compare your answers to those of others in the industry.

Business Ethics Survey

Please indicate the extent to which you agree with each of the following statements by circling one of the six choices provided.

	Fully agree (FA)	Agree (A)	Somewhat agree (SA)	Somewhat disagree (SD)	Disagree (D)	Fully disagree (FD)
Personal Ethics						
1. Other than what is required by law, a person has no obligation to serve the community in which he lives.	(1)	(2)	(3)	(4)	(5)	(6)
2. Most leisure time is time wasted.	(6)	(5)	(4)	(3)	(2)	(1)
3. One should never use any substance considered by most to be unhealthy.	(6)	(5)	(4)	(3)	(2)	(1)
4. One should never knowingly violate any of the "Ten Commandments."	(6)	(5)	(4)	(3)	(2)	(1)
5. It's okay to cheat on some tests, especially if you don't get caught.	(1)	(2)	(3)	(4)	(5)	(6)
6. Cheating only once on your spouse is all right, so long as you don't get caught.	(1)	(2)	(3)	(4)	(5)	(6)
7. One should always place personal ethics above organizational ethics.	(6)	(5)	(4)	(3)	(2)	(1)
Organizational ethics						
8. It is solely the customer's responsibility to evaluate the merits of a product or service before buying it (buyer beware).	(1)	(2)	(3)	(4)	(5)	(6)
9. It's okay to exclude some details from a loan application because creditors ask for too much information anyway.	(1)	(2)	(3)	(4)	(5)	(6)
10. Other than what is required by law, a company has no obligation to the community in which it operates.	(1)	(2)	(3)	(4)	(5)	(6)
11. Some government regulations regarding business deserve to be violated.	(1)	(2)	(3)	(4)	(5)	(6)
12. Management's primary obligation is to support and protect the company, regardless of the cost.	(1)	(2)	(3)	(4)	(5)	(6)
13. Never, under any circumstances, hire an applicant who has falsely reported any of his or her qualifications for the job.	(6)	(5)	(4)	(3)	(2)	(1)
14. A company violating any environmental regulations should always be reported, regardless of how insignificant they may seem.	(6)	(5)	(4)	(3)	(2)	(1)

The ethics study

In a December 1, 1985, *Play Meter* article entitled "Business ethics in the amusement industry," we solicited responses to an ethics questionnaire similar to the preceding one. In addition, we collected responses from business owners and managers in two other industries.

The questionnaire in this article is divided into two parts. Questions 1 through 7 relate to personal ethics, and questions 8 through 14 relate to organizational ethics. In the original survey we also collected demographic data such as age and years of business experience on respondents.

Personal-ethics questions

Our personal-ethics questions reflect seven dimensions of personal activity—(1) community service, (2) leisure time, (3) personal health, (4) religion, (5) education, (6) family, and (7) job. Figure 1 illustrates our conceptual model for the personal ethics questions.

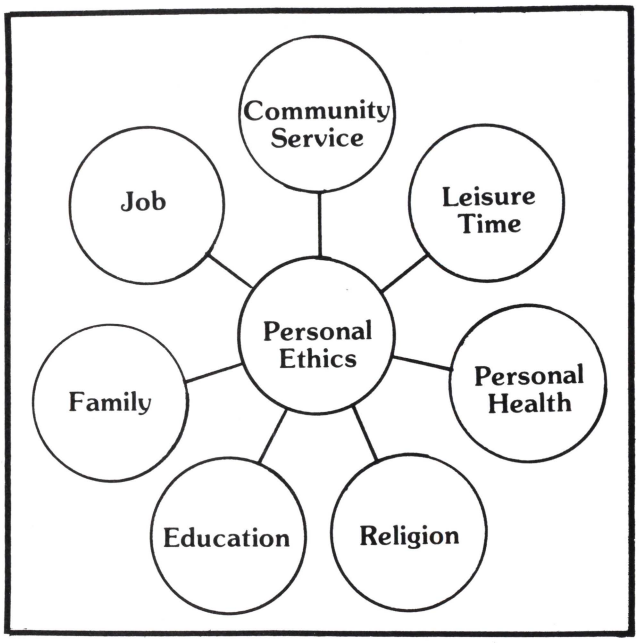

Figure 1

Each of the first seven questions relates to one of the dimensions. Though the broad spectrum of ethics that relate to each dimension cannot be measured by any single question, each question supplies at least one measure in each area.

Organizational-ethics questions

Questions 8 through 14 measure one's codes of conduct in a range of business activities. They address your attitude toward the relationships your company has with other people or businesses. Each of the following relationships are considered: (1) customers, (2) creditors, (3) community, (4) government, (5) owners, (6) employees, and (7) society. Figure 2 presents the conceptual model for organizational ethics.

Each of the seven organizational dimensions represents stakeholders in your business. That is, each one has an interest in how you conduct your business. For example, customers expect quality service for their money, creditors expect interest on their loans, and the government (local, state, and federal) expects taxes for the services it renders.

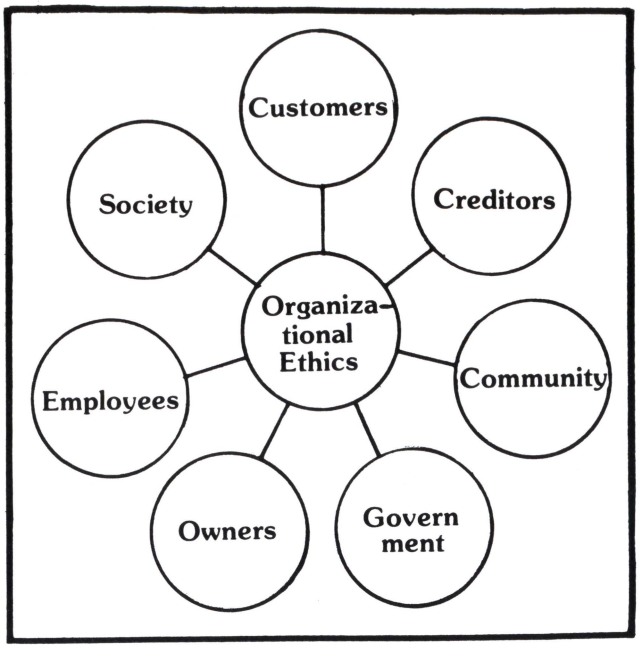

Figure 2

Each of the 14 survey questions touches on a single part of your personal or organizational activity. Collectively, they provide a broad rating of your ethical standards.

Amusement industry results

Demographically, amusement industry respondents to our original survey tend to be significantly involved in other businesses in addition to the amusement business; 81 percent said they had diversified. Almost half the sample (43.8 percent) is 31 to 40 years old, and most others are older. Most (62.5 percent) have been in business more than eight years. Half the sample said they were satisifed with the recent performance of their business, but 31.3 percent said they were dissatisfied. Figure 3 shows how amusement operators responded to each of the 14 questions on the survey.

As you examine Figure 3, keep in mind that the

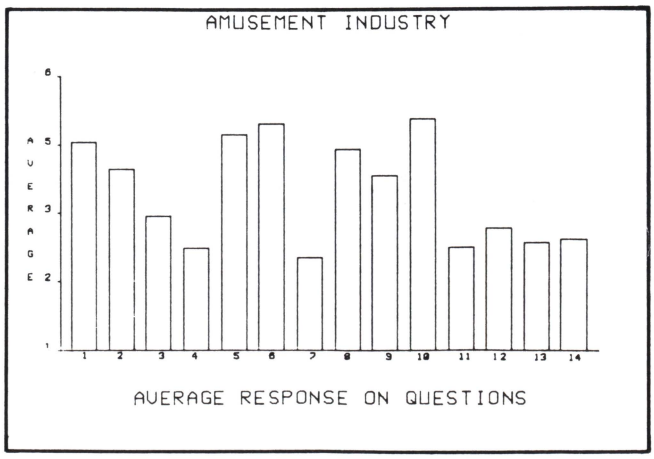

Figure 3

higher the average response, the greater the *disagreement* with the survey question. Each question must be considered to determine whether one "should" disagree or agree with its statement. In other words, a taller bar does not necessarily reflect higher ethical standards.

Personal ethics

Regarding personal ethics (questions 1 through 7), amusement operators tend to disagree most with the statements in questions 5 and 6. Question 5 states, "It's O.K. to cheat on some tests, especially if you don't get caught." Question 6 states, "Cheating only once on your spouse is all right, so long as you don't get caught." There also was much disagreement with question 7, which stated, "Other than what is required by law, a person has no obligation to serve the community in which he lives."

High levels of agreement were found on questions 4 and 7. Question 4 states, "One should never knowingly violate any of the Ten Commandments," and question 7 states, "One should always place personal ethics above organizational ethics."

Those results are much as one would expect: much disagreement with unethical practices and much agreement with ethical activity. There were, though, two questions that provided ambiguous results. Question 2 stated, "Most leisure time is time wasted" and is based on the Puritan work ethic; it received a mixed response with 25 percent agreeing and 37.5 percent disagreeing. Similarly, question 3 stated, "One should never use any substance considered by most to be unhealthy." Here we may have separated the smokers from the non-smokers, since 25 percent either fully agreed or agreed, but 31.3 percent fully disagreed.

Organizational ethics

Regarding organizational ethics (questions 8 through 14), amusement operators strongly disagreed with question 10, which stated, "Other than what is required by law, a company has no obligation to the community in which it operates." Perhaps amusement operators are particularly sensitive to this issue because of industry events of the past few years. There also was general disagreement with the statement in question 8, "It is solely the customer's responsibility to evaluate the merits of a product or service before buying it (buyer beware)." To a lesser extent, operators disagreed with question 9, which said, "It's O.K. to exclude some details from a loan application because creditors ask for too much information anyway."

Probably the most important finding of this study relates to responses to question 11. The question states, "Some government regulations regarding business deserve to be violated." Fully 43.8 percent agreed that government regulations should be violated, and another 12.5 percent claimed they "fully agreed." It would be interesting to identify the government regulations that are the primary causes of these sentiments.

Operators also strongly agreed with questions 13 and 14. Question 13 states one should "Never, under any circumstances, hire an applicant who has falsely reported any of his or her qualifications for the job." Question 14 stated, "A company violating any environmental regulations should always be reported, regardless of how insignificant they may seem." (Obviously, the government regulations operators are concerned about have nothing to do with environmental protection.)

Response consistency

Other than simply examining the average response to each question, it is possible to determine the degree of consistency with which questions were answered. In other words, we can compare the questions with respect to the level of agreement in how they should be

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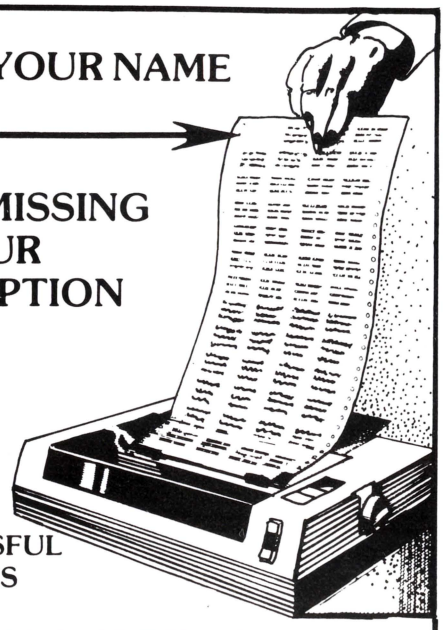

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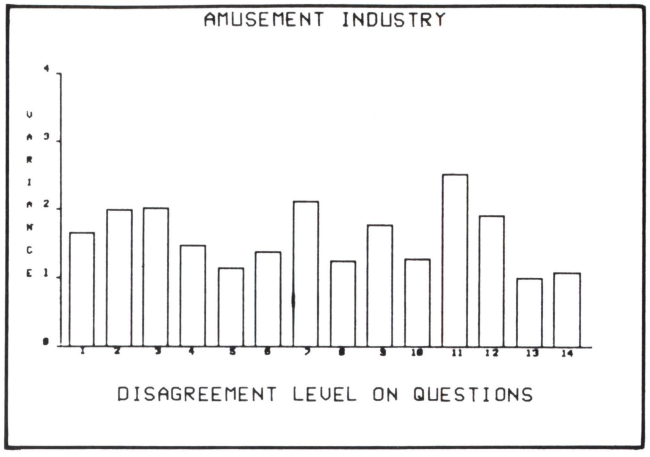

Figure 4

answered. Did most operators answer the questions in the same way, or did they disagree on how the questions should be answered?

Figure 4 provides a bar chart of the variance on each question. A high variance means those responding tended to disagree on how to answer the question; a low variance reflects a consistent attitude among respondents.

The greatest level of disagreement relates to question 11 regarding violation of government regulations. Examination of the responses indicates that although a large percentage agreed that some regulations deserved to be violated, 12.5 percent of the sample "strongly disagreed." There was also much disagreement on question 7 (regarding the priority of personal versus organizational ethics) and questions 2 and 3 (regarding leisure time and use of unhealthy substances, respectively).

Operators answered question 13 with the highest level of consistency; the question related to hiring an applicant who lied about qualifications. There was also considerable agreement on how to answer question 14, which considered environmental-regulation violations.

Comparison of industries

Questionnaire results from samples of two other industries indicate differences across the industries, both demographically and ethically. The two other industries surveyed were bar (lounge) locations and medical offices.

Demographically, lounge managers tend to be younger (most are 21 to 30 years old), to have been in business a shorter time (half less than four years), and to not be significantly involved in other businesses.

Members of the medical profession (a sample of doctors and dentists), on the other hand, tend to have been in business longer (more than half for eight years or more) and to be somewhat older. Unlike amusement operators, most are not significantly involved in other businesses. More than half of the medical respondents said they were very satisfied with the recent performance of their business.

Figure 5 provides a comparison of the average responses to personal-ethics questions of those in the three industries. The solid bar in the figure represents amusement operators, the striped bar lounge managers, and the empty bar medical doctors.

The greatest difference between industries is on question 3 regarding use of unhealthy substances. Medical doctors strongly agreed that one should never use any substance considered by most to be unhealthy. Their agreement to this question was much stronger than that given by either of the two other industries. It is interesting that amusement operators and lounge owners answered this question almost identically.

Another major difference between the industries regarded responses to question 4, which states, "One should never knowingly violate any of the 'Ten Commandments.'" Doctors tended to agree with this statement more so than the other two industries.

A difference between amusement operators and lounge owners appears in the response to question 1, which states "Other than what is required by law, a person has no obligation to serve the community in which he lives." Amusement operators tended to strongly disagree; lounge owners did not disagree as strongly.

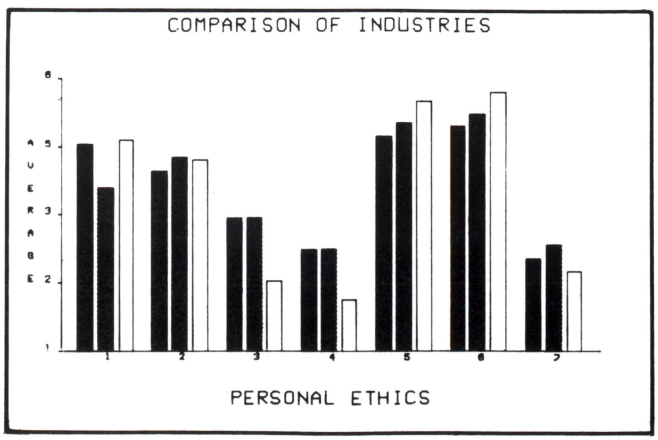

Figure 5

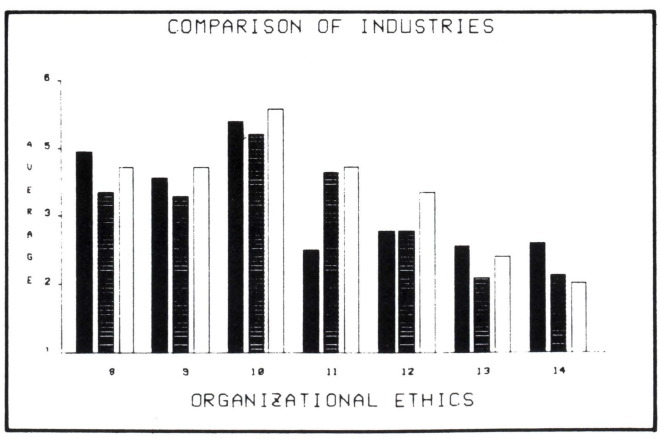

Figure 6

Figure 6 provides a comparison of the responses from the three industries on the organizational ethics questions (8 through 14). Again, the solid bar represents amusement operators, the striped bar lounge managers, and the empty bar medical doctors.

The most notable results here relate to questions 11 and 8. Question 11 concerns violation of government regulations. Amusement operators differed markedly from the other two industries with their agreement that "Some government regulations regarding business deserve to be violated." Question 8 was our "buyer beware" question. Amusement operators appeared to have higher ethical standards than either of the other two

groups since they strongly disagreed with the statement, "It is solely the customer's responsibility to evaluate the merits of a product or service before buying it."

Other key findings

Additional statistical tests (regression analysis) resulted in three other key findings, each statistically significant.

There was a strong positive correlation between age and using or not using "unhealthy" substances. In other words, as subjects get older, they tend more to agree that one should never use substances considered by most to be unhealthy.

There also was a strong positive correlation between degree of involvement in other businesses and the belief that the customer is responsible for evaluating the merits of products and services before buying them. The more respondents are involved in "other" business endeavors, the more they believe in the notion "buyer beware."

Of interest, too, is the finding that business experience seems to be associated with attitude toward government regulations. The greater the business experience, the more there is agreement that some government regulations regarding business deserve to be violated. Perhaps business experience makes one more able to criticize certain government regulations.

Test your own ethics

Here's your chance to compare your answers to those of others in your industry. Turn back to the survey questionnaire at the beginning of this article. Each of the responses you circled contains a value ranging from one through six. Add up the values you circled for questions 1 through 7; this total represents your score for the personal-ethics questions. Then add up the values you circled for questions 8 through 14; this total is your score for the organizational-ethics questions.

Now consider the chart below. The vertical axis represents personal ethics, the horizontal axis organizational ethics. We have plotted the position of our surveyed amusement operators on the chart. Their average score for personal ethics was 29.6. Their average score for organizational ethics was 28.2. Locate your position on the chart for comparison.

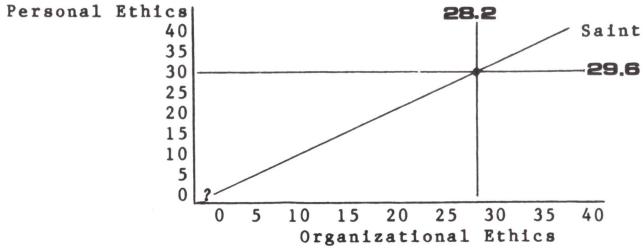

Figure 7

Generally, if your score for personal ethics exceeds 29.6, you beat our industry standard. If your score on organizational ethics is more than 28.2, you exceed the industry standarad in that category.

Perhaps more important than the individual scores is the balance between the scores. If you fall below the diagonal line, then you tend to place organizational ethics ahead of personal ethics compared with others in the industry. That means you may tend to violate personal ethics for the sake of business more than others in the industry. Conversely, you may be driven more by personal ethics than others in the industry if your plotted position is above the diagonal line.

Regardless of where you are on the ethics matrix, we hope we have done our job of making you more aware of the ethics of your personal activities and business practices. While few of us can expect to be saints, at least we can hope to rate somewhere above whatever lies in the lower left corner of the ethics matrix. •

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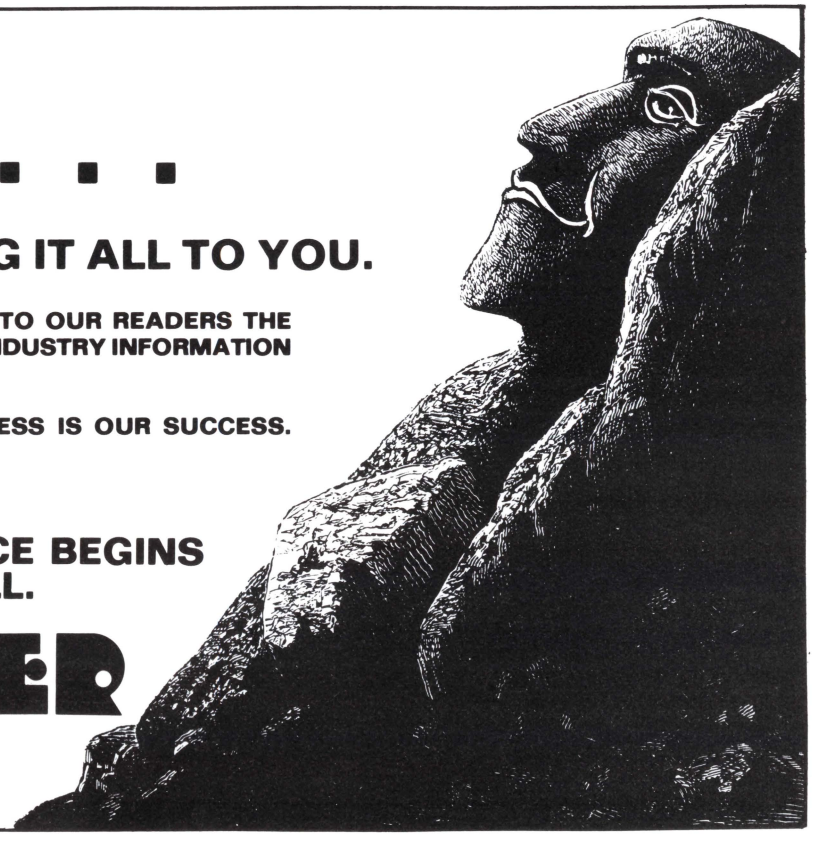


Seminars draw large operator attendance

Over 700 ACME attendees registered for seminars on such diverse subjects as computerizing your business, vending as a viable route extension, corporate accounts and promotions, revitalizing equipment, legislative action, the private pay-phone market, dart and pool leagues, and developing a business plan. Special free sessions were offered on the RICO Act and bilateral imports, standardization, and the industry firing line (an open forum featuring a panel of operators and manufacturers).

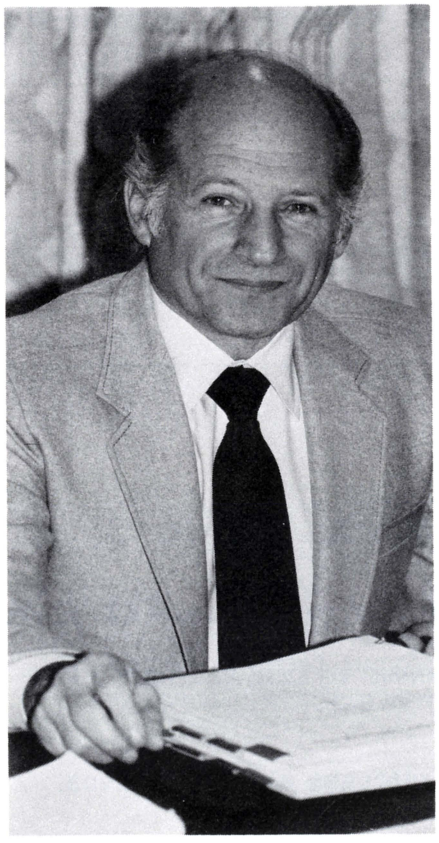
Summaries of 10 seminars are included here for operators wishing to review strategies presented at these sessions and for operators unable to attend this year's exposition.

Vending

"Creativity and dedication are keys to expanding your business through vending," said Jerry Gordon, president of distributor operations for Rowe International. Gordon conducted the ACME seminar "Vending: Is it a viable extension of your route?"

Among subjects discussed were the stability of vending, bringing in new locations, vending contracts, glass-front vending equipment, the value of bill validators, and caution to operators considering full-line vending.

Gordon advised operators to analyze their market and put as many kinds of vending units in their locations as possible. "Vending has been a stable part of the business," he said, "and has not been subject to the dramatic highs and lows seen in the video-game business the last five years. Music and game operators are driven by what's in the cashbox. Vending is a little different—you're getting involved in product, product mix, standard brands, and listening more to a location's requirements. Vending is a service-oriented business." Vending is a natural addition to an operator's route, according to Gordon, especially if an operator already has bar locations, bowling alleys, or employee lunch rooms or lounges as locations. He told operators to look for locations that can adapt to another piece of vending equipment.



Jerry Gordon
Rowe International

"A good extension of the music business is entering vending with the four C's: candy and snacks, canned drinks, coffee, and cigarettes," he said. "Vending machines have a useful life of 10 years, [which] can be compared to the life of a jukebox [with] the average age of a jukebox on location being 10 to 12 years."

Gordon suggested operators stock standard brands in their vending machines as these are still the better sellers. He said a good rule of thumb for operators who handle candy and snack machines is to add 22 cents to the cost of the item to determine the vend price.

He also advised operators to offer incentives to collectors coming in with new locations since the man on the street has the best knowledge of businesses in his route area.

According to Gordon, "Operators should count on a 10-percent increase in locations every year to take care of attrition. There are always some locations lost for a variety of reasons. How do you make up the loss of a good stop? By keeping your eyes open for possible new locations at all times."

He advised operators to have vending contracts. "Just a handshake is not good enough," he said. "Someone else may come along with a better deal for your location. Do more for the location owner so he is tied to you.

"A vending contract should be tailored to your operation. Operators must be protected for their sizable investment in equipment. Most vending contracts are for three or five years. You must stay long enough in a location to cover your costs and make money. The goal is to pay for your equipment in 12 months."

Employee lunch rooms or lounges were mentioned as good locations for vending equipment. Fringe benefits are very big with companies today, and a company may subsidize the

food or coffee end of the vending to keep their employees happy.

"Glass-front vending machines have increased productivity by 30 percent," said Gordon. "That's why manufacturers produce them by the thousands every year—operators make money, locations are happy, everyone has benefitted. The selections appear more appetizing, and you're not dealing with a mystery column as with earlier equipment.

"Vending machines have a tarnished image because of problems in the past. In the last five to 10 years vending has acquired a better image because of better equipment. Operators are better off with glass-front machines because they are easy to operate and service.

"Since these machines are relatively new, used glass-front equipment is not common. But, for a small investment, an operator can purchase an older machine, rehab it, and use it at a marginal stop or keep it as a spare."

Although a dollar-bill validator on a vending machine may add another $400 or $450 to the cost of the machine, Gordon said, it enables the operator to capitalize on the impulse sale. Customers don't always have change for two items, but, if a bill changer is there with a cold-drink machine and a candy or snack vendor, there could be two sales. With a bank of machines, as long as one of them has a bill changer it will add to the profit of all the machines. Eighty percent of all vending machines manufacturered have a bill validator.

Gordon cautioned operators who may be considering full-line vending—equipment offering cold platters, sandwiches, salads, milk, and ice cream. "Full-line vending can be treacherous because of spoilage," he said. "Operators must be aware of product shelf life and the substantial financial investment required for equipment, including refrigerator trucks, and the manpower necessary to service full-line vending. Most operators think if they break even on the food it's a plus. They're in the food business, but the profit is generated from the candy and snack machine, cold drink or coffee machine due to the gross-profit percentages.

"Today most operators are willing to diversify more than ever before because, in all honesty, there are fewer operators. The old-line operator, the one with the good habits, existed through the ups and downs and today still has a stable business and very often he diversified." •

RICO

Discussion of parallel imports—games legally manufactured overseas but imported and distributed in the U.S. by someone other than the holder of U.S. distribution rights—dominated the ACME seminar entitled "RICO, Bilateral Imports, and Copyrights."

Robert C. Fay, an FBI special agent based in Atlanta, told attendees that it is the opinion of the Justice Department and the U.S. Attorney in Atlanta that parallel imports violate U.S. copyright laws, and, as a result, sellers and operators of parallel games face prosecution on criminal charges.

While no one yet has been arrested for dealing with parallel games, Fay said, it is only in the past year that the FBI has begun investigating copyright violations in the video-game business. There are 10 investigations being conducted currently in the U.S. and Canada, he said, and they involve both parallel and counterfeit games.

"You're going to see some results in the upcoming months," Fay said. "The only way to stop this is put people in jail, or at least get a charge. What I'm saying is you're going to be seeing a lot more enforcement in this area."

Fay briefly reviewed the copyright laws, noting that the maximum sentence for a conviction of selling or distributing 65 or more illegal games is five years' imprisonment. The maximum sentence is two years in cases involving the sale or distribution of seven or more but fewer than 65.

He said dealers in illicit games can be charged not only with copyright violations but also mail fraud (one count for each mailing, be it correspondence or the shipping of illegal boards) and wire fraud (one count for every phone call made in connection with the sale of the boards).

Investigations usually begin when agents find an operator of illegal boards, Fay said. The path of the boards is then traced backwards to the distributor and manufacturer.

The decision to investigate such cases is made independently by the 59 FBI offices, but, Fay said, U.S. game manufacturers have demonstrated economic loss as a result of copyright infringement, and "that's enough justification for me [to initiate cases]."

As there haven't been any prosecutions involving parallel games, there isn't any case law regarding them, although there have been

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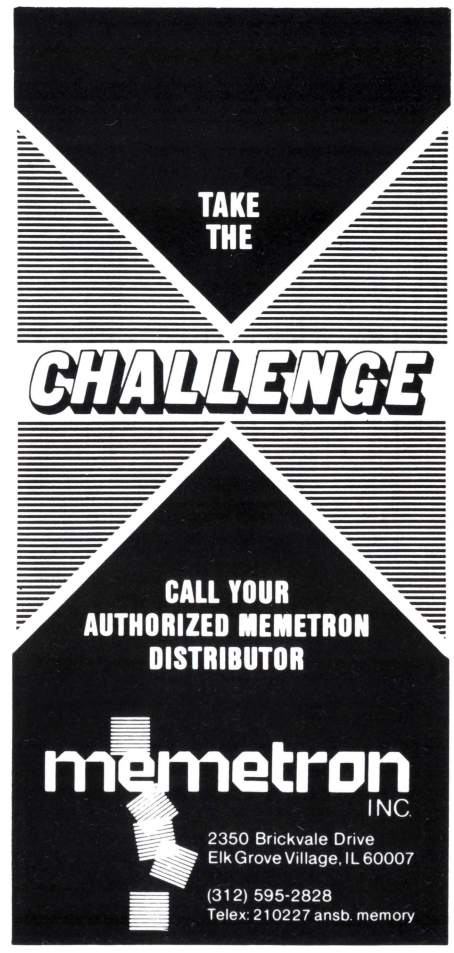


similar cases involving recordings. As a result, Fay said, there are opposing legal opinions as to the legality of parallel games. Nevertheless, he said, parallel cases will be prosecuted, and the question those dealing in parallel games must ask themselves is, "Is that legal opinion going to hold up? You won't find out until you go to court."

Business Plan

Rich Babich of Babich & Associates and Colorado Game Exchange discussed the importance of good business planning to help operators know precisely where their businesses are now and where they are heading in a seminar entitled "Developing a Business Plan/Buying Strategies."

Babich cited nine steps toward a successful business: attitude, writing a business plan, regular reviewing and updating of the plan, building a team, understanding the competition, looking for opportunities, staying accessible, working on knowledge, and having direction.

Babich said a business plan must be written down and should include an introduction of the company, its goals and highlights, reasons why the company is better, its niche in the marketplace, an outline of the qualifications of the company's principles, and market characteristics.

After fully describing those, an operator should write a detailed summary of the corporate structure, the company's previous name, its outstanding securities, and a list of stockholders and partners.

Resumes should be kept on all employees, including owners, key individuals, and officers. An organizational chart with job descriptions clearly spelled out is a must, and the management team should be clear. A written list of any supporting professionals or consultants should be kept.

An operator should, according to Babich's business-planning goals, analyze each of his products or services, study the competition, and know what state-of-the-art technologies are in progress.

Once an operator is completely satisfied that he has put down all his company information, he should write a definition of his markets, including locations. An operator should know his locations to be able to assess the

Pay-phone connection

The ACME show confirmed that the only thing clear about operating pay telephones is that the whole business is steeped in confusion.

That's not atypical for a new field of endeavor, and operating pay phones is certainly a new field. With the exception of AT&T, the most veteran of pay-phone operators has less than two years of experience.

Contributing to the confusion about operating pay phones is that one individual's experience is not usually helpful to another. There are different laws governing the operation of private pay phones in each of the 38 states in which operating by someone other than a local Bell operating company (BOC) has been approved by a state public utilities commission (PUC). In addition to differences in regulations are the differences in line-access and per-call charges. The severity of such tariffs often determines whether it is advisable to compete with a local BOC.

Groups are beginning to spring up, however, to help coordinate a move on the deregulated pay-phone industry. National and state associations are gathering those who want a shot at this multi-billion-dollar market for a united attack on what they contend are unfair tariffs and regulations that BOCs are winning from PUCs. Several of those groups were represented in an overflow crowd at a Sunday morning, March 9, ACME seminar entitled "The Private Pay-Phone Market: Is it a sound investment?"

Conducted by Marc Ostrofsky, *Private Pay Phone News* publisher, and Marty Segal, Republic Pay Telephone president, the seminar attracted an audience of about 40 operators.

Though the premise of the seminar was that there is tremendous opportunity in the operation of pay phones, there was no proof that anyone had figured out how to take advantage of that opportunity. In fact, Segal, who got into the business almost as deregulation was being declared and has an extensive route in the Chicago area, said he knew of no one who had as yet profited from operating private pay phones.

Undoubtedly, the greatest roadblock to pay-phone profits are the BOCs. No matter how "private" the pay-phone business appears to have become, there is little independence from the BOCs' influence. BOCs control the phone lines, and they set the rates—or access tariffs—that operators must pay to use their lines. Of course, those rates must be approved by state PUCs, but many independent operators believe that most states are granting BOCs excessive rates and thus effectively preventing competition. The issue is at the root of the formation of what is now about 10 state associations and a handful of national organizations.

The problems of pay-phone manufacturers also are hampering operators. Many companies are marketing products, but few can respond effectively when they get orders. Either they have incompetent equipment or too little financing to meet production demands. Some have both problems.

"There are already about 30 manufacturers that have phones that are registered with the FCC [a prerequisite for operation]," Ostrofsky said. "Eventually, four or five, maybe six, will survive."

Some so-called manufacturing companies are blatant frauds, doing business in a way that amusement operators became familiar with during the video game boom era—selling equipment that doesn't exist, doesn't work, or is overpriced. Some have taken huge sums of cash in advance and then neither delivered phones nor returned the money.

Operators also must contend with competition from outside their ranks. According to Ostrofsky, vending and amusement operators will eventually garner about 40 percent of a market he estimates at 1.8 million phones. An equal amount of business will be won by the interconnect industry—business-phone purveyors and installers.

best avenue for placing equipment.

"An operator should know his major customers like the back of his hand," Babich said. And, he added, "If you don't have a list of potential customers, you're not interested in expanding." An operator also should know the commission splits and equipment in every potential location.

Babich told operators they should analyze major competitors and study their profitability. That analysis, along with the listing of potential customers, should enable operators to project growth.

Babich talked of marketing strategies—increasing market share and increasing volume at locations. An example of a way to increase volume at locations, Babich suggested, is offering a bar tab for the high score on a trivia game. People love winning, he said, and by offering a bar tab, the customer may just put more money into the machine trying to be top scorer as he would to buy drinks. "You don't need to spend tons of money to make things happen," he said.

Babich also gave pointers on analyizing financial statements. "Although the statements are coming from a qualified accountant, you should understand them," he said, explaining that every business should have a cash-flow statement, a profit- and -loss statement, balance sheets, a list of banking needs, and a detailed accounting of accounts receivable and payable.

The appendix of the written business plan, he said, should include letters of reference from locations. "You never know when you may need them, so have them on hand," said Babich. Keep newspaper and magazine articles about the company and its products, he said. "If you don't toot your own horn, who will."

Babich said a route is worth what it has made in the previous 52 weeks. "When I'm buying a route, I project what that route should do before the owner tells me what it is doing," he said. "I also know if I can make it do better, and if I didn't think I could, I wouldn't buy it."

Babich asked the seminar attendees how many knew what percent of real dollars they spent on equipment. As only three of more than 20 raised their hands, he said, "Guys, you can't keep your heads buried in the sand." Only with a detailed written business

still fuzzy

by Mike Shaw

BOCs will keep about 20 percent of the market, he predicted.

Operators will have to compete with location ownership as well. A phone is perceived as a dependable piece that shouldn't need a lot of repair. Even such industry-sensitive manufacturers as Williams Electronics, which debuted its *Wiltelco 5000* "smart" phone to the industry at ACME, is wooing locations with advertising in airport, restaurant, and similar trade publications.

Still, many contend, the pay-phone is an appropriate addition to the inventory of a vending operator.

"Up until the time a phone is installed, you may be in the telephone business," Segal, a vending and amusement operator, noted. "But once the phone is installed, you're in the vending business."

Despite the confusion, certain operating principles have been established, according to Segal.

"The most important thing to remember when you're shopping for a phone is that the more it looks and works like a Bell phone, the more the public will use rather than abuse it," he told the seminar audience.

Also, Segal said some manufacturers have developed equipment that is economically and operationally sound. At this point in the industry's development, he said, "you can feel comfortable about being able to find the right phone."

Most of the problems in developing appropriate phones have arisen because earlier phones were "dumb," and the new phones must be smart enough to operate without connection to a central phone-company office. They must be able to determine the destination of calls so they can charge appropriate local or long-distance rates.

Smart phones are pre-programmed for a specific location by the manufacturer, which may offer to change the programming if the phone is moved from one location to another. But a promised new edition of a smart phone developed by Northwestern Bell Technologies will download rate programming via a 1-800 connection made from the phone to be programmed.

Many of the new smart phones are coming in popular GTE casings. According to GTE casing distributor and parts supplier Communico, Inc., of St. Paul, Minn., GTE has long been marketing its phones to independent phone companies while AT&T's Western Electric phones have been reserved for use by the former AT&T operating companies.

Still, sales of phones are not as brisk as manufacturers would like. According to Jerry Sherman, Communico director of product management, buyers are hesitant because "too many manufacturers change their products on a daily basis." Some buyers also are waiting for expected lower equipment prices.

"Prices are coming down already, and they will come down much more," Ostrofsky told the seminar audience.

According to Segal, operators currently buying phones should expect to pay about $2,000 for a smart phone, including the programming, installation, and line tie-in.

The changes and uncertainties that seem to characterize the pay-phone industry were reflected at the ACME show. Some major early players like Tonka either did not attend or, like Empire Liberty, were saving money by renting space in another exhibitor's booth.

Meanwhile some of what more experienced operators are calling "the big boys"—companies like Williams, GTE, and Northwestern Bell—are jumping into the sales fray.

Maybe, as often happens in new industries, the incursion of big companies will clear away some of the confusion and standardize some of the technology. Maybe not. Whatever happens, Jerry Sherman said, "a year from now the picture will be very different—and so will the players." •

plan, he said, can operators predict what they are spending, taking overhead into account. And then they can make decisions about how much to spend on equipment.

Babich also suggested trading all equipment not being used. "If you have a warehouse full of equipment, when you secure a new location it is too much of a temptation to put in what you have on hand instead of assessing what should really go there. Don't keep old equipment in a warehouse. Buy what you need when you need it.

Industry Firing Line drew the largest audience, giving operators a chance to question distributors, manufacturers, and other operators.

Firing line

ACME's Industry Firing Line featured operators, a distributor, and manufacturers instead of only manufacturers. Moderated by Sharon Harris of Stan Harris Co., the panel included operators Tony Parino of Automatic Merchandising and Stan Harris of Stan Harris Company; manufacturers Bill Cravens of Nintendo, Joe Robbins of Kitkorp, and Joe Dillion of Williams; and distributor Rubin Franco of Franco Distributing.

The subject of parallel imported boards (boards legitimately manufactured overseas but imported and sold in the U.S. by someone other than the company holding U.S. distribution rights) dominated the session.

Manufacturer Robbins urged operators to deal exclusively with established distributors to make sure they buy only legitimate boards.

Stan Harris, an operator with considerable experience, said he had not even heard of a parallel board before the show and asked Robbins why manufacturers blamed operators for the problem instead of the Japanese manufacturers. He said manufacturers need to halt the problem on the Japanese side. "Crucify one Japanese manufacturer and it will stop," Harris said.

Robbins answered saying, "Japan is too complex to begin to solve the problem." He reiterated that operators should buy only from legitimate distributors.

Franco explained that price gives away an illegitimate distributor. "If a new Cadillac costs $24,000 but you can get one for $20,000 down the street, that is competition," he said. "But if someone offers it to you for $8,000, then you should assume something is not right. It's the same with these boards; if they are too cheap, beware."

Pinball conversions also were discussed. With a pinball conversion-kit manufacturer, Joe Robbins, and a dedicated-pinball manufacturer, Joe Dillion, the subject was examined thouroughly. Robbins said the response of operators to conversion pinballs has been good. He said his company researched the viability of pinball conversions, and there is a need for them.

Dillion's said pinball has too many changes to make a universal kit. He said good pins depend on research and development and added that pinball costs have not increased in four years, but are making more money.

An operator said pinball playfields need to be more durable. "We simonize our playfields before putting them on location, and they last much longer." said Harris.

Jim Hayes, an Ohio operator, asked the manufacturers about delays of getting information about changes. "I get more information from Todd (Erickson) and Frank (Seninsky) than I do from the manufacturers or distributors," he said.

Another operator asked why no schematics were sent with *High Speed*. Dillion said they were not printed yet, but assured operators the schematic would be available the Monday following the ACME show.

Todd Erickson of Summitt Amusements asked Cravens why Nintendo's gun cables are too weak. "I have gone up to a pay telephone and yanked the cord but have never been able to pull one out. Why can't Nintendo offer a cable that won't pull away from the game?"

Cravens replied that Nintendo is working on a stronger cable and assured operators who had ordered a gun for one of the VS. System games that the guns were being shipped after a slight delay.

Corporate accounts

Putting on good promotions, customizing service, and making your customer "believe that no one can do better than you" were among the keys to successfully operating with non-traditional accounts discussed in the seminar "Corporate Accounts and Promotions to Make Money."

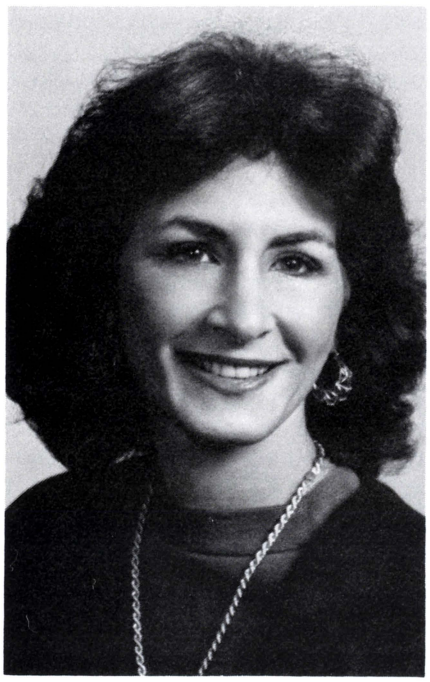
Conducted by Sharon Harris of Stan Harris Co. of Philadelphia, the seminar drew a substantial audience of operators interested in doing business with chains of locations such as convenience stores and fast-food restaurants.

Harris said operators should learn as much as possible about the business of their national-account customers in order to provide service tailored for the account's needs. She suggested not only learning about the account's "power structure" and calling on the people involved, but joining the account's trade association and reading its trade journal (*Convenience Store News*, for example).

While providing such services as conducting promotions and keeping licenses up to date, Harris said, operators should promote themselves in the eyes of their corporate-account customers to ensure that the customers are aware of the service they receive and of the operator's expertise.

Harris emphasized promotions as opportunities to improve an operator's relationships with both customers and manufacturers and to create goodwill. Stan Harris Co.'s recent Great Priazzo Shootout promotion, she said, "sealed our relationship" with the corporate account involved—Pizza Hut—and raised $2,500 for Variety Clubs.

The four-week promotion, named for Pizza Hut's recently introduced Priazzo pie, involved 47 Pizza Hut stores and culminated January 19 with more than 100 contestants competing on Nintendo *Hogan's Alley* games at the Dunfey City Line Hotel. Three trips to Disneyworld's Epcot Center were awarded; Nintendo's Bill Cravens presented a home-game system to Variety Clubs poster child Sean Dennsteadt; and a $2,500 check for Variety Clubs was presented to television personality Monty Hall during a telethon in Philadelphia.



Sharon Harris
Stan Harris & Co.

A videotape documentary of the promotion was made to be used in persuading Pizza Hut to run the promotion nationally.

Standardization

Todd Erickson of Summitt Amusements in St. Paul, Minn., Joe Dillion of Williams Electronics, and Frank Ballouz of Nintendo spoke at an open discussion of equipment standardization to an audience of operators and manufacturers. While the subject of standardizing parts on video games and pinball machines has long been controversial, Erickson insists that standardization not only is possible, but would be a tremendous help to all. And manufacturers feel that by doing it they will sell more product, he said.

Standardization also was discussed at the AMOA show in October, when a panel of manufacturers including Ballouz, Dillion, and others agreed on some items that could be standardized, including locks, bookkeeping features, molex plugs, and on/off switches.

After that seminar, Erickson said, five possible standardization features were agreed upon, a letter was sent to AMOA board member Jim Trucano of Black Hills Novelty, and it was decided a formal presentation would be made to the AMOA board of directors during its annual meeting in Hawaii.

The agreed-upon recommendations for standardization are as follows:

1. Locks—A 7/8-inch lock has been agreed upon, but Erickson said there will be more discussion on whether to run the lock straight or offset.

2. Bookkeeping—Four functions of pinball bookkeeping will be agreed upon.

3. Molex plugs—Electronic boards now come with an edge connector, but it has been agreed that a molex plug, enabling an operator to power the board, would be a great help. Another molex plug from the edge connector to the control panel should be standard.

4. On/off switches and volume controls—Erickson explained that on/off switches and volume controls are now everywhere on video games and many are difficult to find. Giving an example of why a standard location is a must, a laughing Erickson said that one manufacturer, when asked where a game's volume control was, scratched his head and said he would need to see the schematics.

5. Coin meter—All games should either have a coin meter to enable the operator to keep track of coins or have the wires enabling the operator to add one.

Erickson also suggested a concept called Individual Task Analysis. "When you go to have your car worked on, the mechanic charges you a set price based on a guidebook of how long it takes to do a job. We could use something like that. If my mechanic tells me it takes X amount of

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time to complete a job, how am I going to know if he was just screwing around or if it really takes that long? If I had a guide that said it takes X minutes to change rubbers on a flipper, and my mechanic says it takes longer, I will want to know why."

He suggested the AMOA oversee the establishment of such guidelines. It could be done at distributorships by operators, he said, and an average time to complete a job would be set down in a manual. Manufacturers could have a representative if they preferred, he added.

Erickson summed up, "We're making headway and it's going to work. This will be a working arrangement that will be ongoing."

He added that he feels the industry will soon see the first solid-state flippers. With no end stroke and no secondary winding, two of the most troublesome items on flipper assemblies will be eliminated, he said.

Revitalizing equipment

Knowing when to make game adjustments on older pieces and when to "kit it and forget it" were subjects covered by Todd Erickson of Summit Amusement of St. Paul, Minn., during the seminar, "Revitalizing Equipment."

Erickson explained his views on game revenues by comparing a steak dinner to a chopped-beef dinner. "Suppose you had a great steak dinner that had only four or five ounces of meat," he said. "It was probably the best steak you ever had, but not worth the money. In another restaurant you could get a chopped beef dinner complete for only $1.99. Where would you eat? Most people would line up for the $1.99 dinner for the value it gives.

"Too often we lose track of what we have to do for our players. With top earning games like *High Speed*, people are standing in line, so don't give the game away. But there are others in an operator's inventory that are no longer high earners. Don't get rid of them; they can still earn money for you if you change the settings and give the player more time for his quarter. *1942* is an example of a game that earns because it's a long-playing game."

According to Erickson, "There is no one right answer for length of game play. *Robotron* has a play time of three to four minutes and still is a strong field piece, unlike some other games where the operator should 'kit it and forget it.' Some operators want a minute-and-a-half game—that is pure greed. We have to give players something for their money."

Erickson doesn't like anyone playing less than a minute or a minute and a half. "The ideal setting is where people play the game and are able to get better, or they lose interest," he said. "Average game play is longer on *Galaga*, for example, but it still earns—don't kit it." He would like to see manufacturers take a ratio of learning times since "it is an important function in a game that players can get better."

Erickson suggested adjusting games and buying fewer kits. "You can make more on old games than kits—the old games saved me through the crash." He noted that he purchased *Split Second* pinball games for $200 to $225 each three years ago and made one simple adjustment. He resold the games later for more money. The video game *Bubbles* still earns $50 to $75 per week, he said, and the game itself is worth $200 or $250 tops.

Making them less difficult is a key to getting extra playing life from older games, Erickson said. "Today I don't want a lot of one game, the more variety the better. We all have a lot of equipment that can be revitalized. Loosen up the old games. Games in bar locations can be loosened up more than in other locations because the hand-eye coordination of an adult in a bar is not the same as that of a young teen in an arcade," said Erickson.

Pinballs are a different situation, Erickson said, explaining that the most important function is percentage of replay and stressing the importance of knowing at which replay levels players are winning. *High Speed* is a new generation of pinball, he said, with a good software backup, sound, and art. The playfield is a cross between a video game and pinball, and it has an

Todd Erickson of Summit Amusement advised operators to learn High Speed, *predicting it to be the pinball format in the coming years.*

expanded bookkeeping system and jackpot feature as an extra. There are 40 functions on *High Speed*, including automatic replay, he said, the first time this function has been used on a pinball game. It is loaded with memory and features not in other games.

Erickson advised attendees to learn *High Speed*; he predicted it will be the format for the next year or two, and its features will be copied. He advised replacing flipper sleeves every 10,000 plays, due to frequent service calls. "It's better to get new flipper assemblies for old pins. Invest $100 and get more life out of the older machines," he added.

He cited coin mechanisms as another source of service calls. "Eighty to 90 percent of coin jams are in the in-ramp," Erickson said. "Money is thrown away because of poor coin mechanisms. The basic coin mechanisms were made in 1948, so we are dealing with 40 year old technology. Twenty percent of overhead could be saved if we didn't have as many service calls."

He related service and maintenance to revitalization. When converting a video game, he suggested, make a complete changeover, replacing any loose or sloppy joysticks, repainting, and repairing cabinets with Bondo. A pinball playfield that loses luster can be helped by applying coarse automotive compound, followed by a glaze. He suggested using #600 sandpaper on scarred plastic, followed by rubbing compound, then glaze for a brand-new looking piece.

For countertop games, Erickson emphasized placement, saying, "Countertop games should be located near the waitress so change will be available. Operators can double countertop earnings depending on where they put the games. Trivia games have been good countertop material.

"Operators have to look at their equipment, evaluate it, and see if the player is getting a fair amount of time for his money. Old games are still worth money to the operator."

Legislation

Asking, "If you don't care if your business survives, why should the guy who's taxing it?" Sharon Harris of Philadelphia's Stan Harris Co. summarized the purpose of the seminar "Legislation: An Intelligent Approach to Politics."

Harris and John Perzel, a Pennsylvania state representative, told seminar attendees that their machines are going to be taxed one way or the other. The political questions facing operators are how high those taxes will be and whether taxes will be limited to flat fees on machines or will include a percentage of collections.

The two stressed that operators must organize state-by-state to make sure their interests are represented in state governments. Without such organized efforts, Perzel said, "who knows who the vending-machine industry is?"

Perzel said operators can best accomplish their political goals by working at the state level rather than trying to deal with municipalities. He emphasized the importance of hand-written-letter campaigns directed at state legislators.

Harris said operators involved in such efforts should work to make sure all their employees, locations, and friends write letters to their legislative representatives. It's important, she said, that legislators realize how many people will be affected by proposed laws aimed at operators. She added that in Pennsylvania, for example, about 4,000 people are involved in vending or games.

According to Perzel, politicians will at least look into the position raised by letter writers and likely as not will vote according the sentiments reflected in their mail. He mentioned the theory of 10s, which is that for each one who writes there are 10 more who don't write, but wanted to express the same views.

"I'm up for election this year," Perzel explained, "[and] if I get 150 hand-written letters, I'm going to do something."

Aside from the letters, Perzel said, lobbyists can be effective representatives of operators' interests, particularly if the lobbyist works at it full-time and is "a mover and a shaker." Nevertheless, he said, letter-writing campaigns are even more effective and less expensive.

Harris illustrated the importance of political action with the example of a proposal made in Pennsylvania three years ago for a six-percent gross-receipts tax on games. After Harris and other operators met with the head of the state's revenue department to oppose the measure, the proposal was withdrawn.

Through the Pennsylvania Amusement and Music Machine Association, Harris added, operators in that state now are working for a bill brought

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before the Pennsylvania Legislature for the fourth time that would set a limit on the amount each game or vending machine can be taxed.

Leagues

In a seminar entitled "Leagues: A Must for Darts and Pool," Sam Zammuto of Arachnid, Bill Nemgar of Salmon River Amusements and coordinator of the Valley National Eight-Ball League, and Mark Robbins of Air-Table-Hockey explained the benefits of leagues.

Zammuto discussed dart leagues, which, he explained, run for approximately 10 to 20 weeks ideally with, players alternating home and away games.

He said that it may be frustrating trying to convince a location that offers free steel-tipped darts that it can make money with electronic darts. "An easy way to show him may be to offer a $100 [tournament] on a Saturday afternoon. The steel-tipped dart player does not make money, but by paying a quarter he has a chance of winning some money. Believe me, they will show up to play," said Zammuto.

Zammuto cautioned operators not to overlook patches and awards for individual achievement, saying that players like to show them off. If they have won something, he said, they want to intimidate the other players. "I have been to steel-tipped dart tournaments, and players have international-association patches up and down their sleeves. I've seen players with six-dart-out patches all over. They even go so far as to have one shirt tail out with a patch on it."

He explained how to set up score sheets and get players to fill them out, how to collect the money, and how to keep track of who won patches. He also suggested that the bar put up the entry fee for the team to get in the league, and the players pay a nominal fee each week (about $2.50) toward prize money, trophies, and patches.

The goal is to make things as simple as possible, he said. Once score sheets are turned in, Zammuto suggested, get the standings back to the location as soon as possible. "Most bar owners can't wait to get those standings," he said. "They usually put them right next to the dart machine, because all the dart players want to know how all the teams did. They will probably have a couple of beers and practice a few games of darts when they come in to see the standings. And that's just what the bar owner wants."

At the end of the season, he said, it is a good idea to have a playoff tournament incorporating a wild card team to keep interest going all year.

Said Zammuto, "A dart league is only an organized challenge. Once you get over two teams, you've got a league going. All you have to do is make a schedule. I saw a league in Colorado where they played in boxing gloves because the good players dominated. There are all kinds of leagues, women, men, or mixed."

In reply to operators who asked why electronic darts do well in some areas and not others. Zammuto said, "Dart leagues are simply a learning process. Once you show operators that they can make money, they are willing to try it."

Mark Robbins of Air-Table-Hockey told operators not to overlook air hockey for tournaments. "Some locations don't want tournaments, but tournaments can't hurt. Locations where kids go week after week are the best," he said.

Robbins said one benefit of tournaments is that "when players know

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they are going to be playing in a tournament, they are conscience of taking care of the table."

He stressed the ripple effect of a tournament—once you establish a player base, you can expect it to expand even further. And locations can expect more people because, Robbins said, for every person who plays in the tournament, there are friends who come to watch.

Nemgar gave an operator's view on the value of leagues. Using a chart to explain the longevity of games that involve skill, he showed why pool, darts, puck bowlers, and air hockey last longer in locations. As video-game skill levels increase, he said, earnings drop, and when skill levels exceed earnings, a piece dies. But with the skill games, he said, as player skill increases, earnings increase also. So the equipment remains viable.

Nemgar said the Valley National League Program for pool, though started by The Valley Company, now is a national promotional program run by operators and financed by players. He said Valley has no say as to rules, regulations, tournament locations, sanction fees, or anything else.

He added that there are three keys to any league program: It must benefit operators, it must benefit locations, and it must benefit the players. If players don't see a value for their money, they won't participate. He also warned against underestimating players. "Don't keep them in the dark," Nemgar said. "Believe me, they know from week to week how much money is supposed to be in the league fund, they know people's averages, and they watch the stats. Don't try to intimidate them, just answer any questions truthfully whether it is to your advantage or not."

Nemgar agreed with Zammuto on individual achievement awards. "When I first got into the program I felt they (patches) were unnecessary. I almost felt stupid walking up to a guy in a bar and saying, 'Here's a patch.' I thought I was insulting his intelligence. But Sam is right when he says these players are egotistical. They like recognition. The awards are very, very important. Now I look for stuff to give them. We are competing for the entertainment dollar, and we must give the players a value. The awards program helps us accomplish this."

Leagues to the operator are constant revenue, according to Nemgar, and a way to predict income. "Before [starting] my leagues, I might have good weeks where I could have bought the Chase Manhattan Bank and other weeks when I was headed for debtors' prison. There was no steady income."

Nemgar continued, "Leagues are also beneficial because they open new locations. An operator on the ball running leagues will have locations calling him saying, 'I see this league, how do I get involved?' "

Another advantage of pool leagues is getting back location-owned pool tables, Nemgar said. "Four years ago, when I took over this route, there were no operator-owned pool tables on the route, they were all location-owned. Now, four years later, not only have I bought back all of the pool tables, but I've added 30 more, because I had something to offer." •

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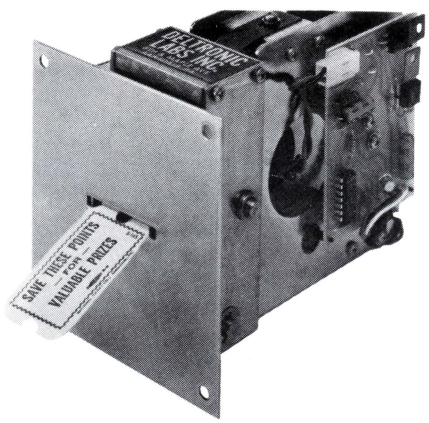

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FRANK'S CRANKS

By Frank "The Crank" Seninsky

ACME brings good signs

The first ACME show really wasn't bad for a spring event.

Although I didn't see more than a few dozen operators from the New York area, I did get a chance to talk with just about every manufacturer in the industry during my four-day stay in Chicago. It was good to see even the presidents of the manufacturers out on the floor talking with operators. That rarely happened in the video-boom days. I'm glad that the manufacturers now are really listening to the operators. Operators, after all, certainly are the most important group in our industry. Any operator will agree with that—just ask him.

AAMA (the association of manufacturers and distributors) agreed at the show to have a non-voting AMOA member on its board of directors, and AMOA will have a non-voting AAMA member on its board. This is an excellent move toward unity in our industry, and it all happened at ACME.

I was impressed with the large number of new games and kits displayed. There were few standouts (sure-hit games), but there were more than a dozen games shown that were not completed or ready for release. Take my word for it, during the rest of 1986 the average operator will see a better bottom line if he uses shrewd buying practices. Here are my impressions of the manufacturers:

Sega

I begin with Sega because it had the best lineup of new product. *Space Harrier* interested me the most. The graphics and sounds are even better than *Hang-on*'s, and the joystick is comfortable, realistic, and accurate. For high-traffic arcades and skilled-player locations, *Space Harrier* looks like a good bet. My second favorite game is *Major League*. I still feel that Cinematronics' *World Series* is the best baseball game yet, but *Major League* could give it a run. Smart operators will be able to order *Major League* as a conversion kit for some of the old Sega games that can still be had: *My Hero*, *Choplifter*, and *I'm Sorry*. It doesn't look like the huge *Major League* control panel can be mounted easily onto a regular game cabinet, but I'll keep thinking about it. *Shooting Master*, a realistic gun game with recoiling action, also caught my attention. Way to go Sega. Thanks Gene Lipkin, Tom Petit, and Scott Yasuda.

Data East

This company sure has come a long way in just a year, when management decided to make products operators need and can afford. The *Ring King* two-player (vertical) is my choice as the number-one or number-two kit. I've tested it for the past 12 weeks, and I still say it's a winner. Also shown

Figure 1

Wylie Irwin, Betson's redemption expert, is surrounded by Crompton's Silver Ski *pusher on the left, a* Big Choice *triple crane, and a row of* Skil-O-Bingo *token games.*

were two new horizontal kits: *Breakthru*, a good-earning kit, and *Express Raider*, a decent street piece. *Speed Buggy* is excellent (with the same designer as Atari's *TX-1*) and should be considered the next time you need a new driving game. It also comes in a lean-back model with an extra speaker on the back section. Where space permits, the lean-back model is earning at least 50 percent more than the upright. Thank you Bob Lloyd, Steve Walton, Ray Musci, and Neal Zook.

Bally Sente, Bally Midway

Bally Sente showed its new SAC I system software, *Name That Tune*, which should do very well in restaurants and taverns where there isn't too much noise. Look for nice, quiet locations for this piece, although I'm going to test it in a gameroom and summer arcade just to see if it catches on.

Bally Midway showed *Lady Luck*, a player's pinball that is doing extremely well. I didn't like it at first because I was able to keep my first ball played on the playfield for more than five minutes. Bally has revamped its pinball division and will be coming out with some great pinballs that will include the features we've come to enjoy in pins from Williams, which is now the undisputed leader in pinball.

During the rest of 1986 the average operator will see a better bottom line.

Midway also showed *Max RPM*, a two-wheel drag-racing game, complete with realistic four-gear shifters. I don't like the steering wheel, which only turned two inches to the left and two inches to the right, but this game just went into a nearby mall gameroom and is doing fantastic. I don't like it very much (my main objection is its high cost), but if it continues to test well, I'll admit I'm wrong. The split-screen feature makes this game like two games in one. It's good to have Bally back and going strong. Thanks Maury Ferchen, Bob Lundquist, Tom Locke, and Steve Blattspieler.

Nintendo

Super Mario Bros., with its very low price of $299, is a must-buy game for owners of VS. hardware. I got a chance to talk with Bill Cravens, and he explained some things about Nintendo that I wasn't aware of. *Super Mario* was not intended to be a coin-op version. It was passed over for coin-op and introduced to the Japan home market for the Nintendo home system (six million home systems are in Japan). This game did so well in Japan that it made sense (and here I must agree) to release it for coin-op. It was a very long-playing game at home, a feature that has been modified for the coin-op version.

Figure 2

Keeping an eye on Crompton's Fantasy Island *rotory merchandiser are Walter Shirrmacher (left) and Steve Abel of Betson's redemption division. Art Warner, who came up with the name "Frank's Cranks," heads up the redemption division.*

Nintendo plans to release what it thinks are the most promising games, first to the coin-op market and then, after six months, to the home market. The only flaw in these plans is that they must continue to introduce games for the home market, and you never know when a good home game will become a hit.

Nintendo has licensed Tecmo (formally Tehkan) and Jellico to develop games for the VS. System. *Mighty Bomb Jack* was shown by Tecmo, but it wasn't ready for release. It appears there will be four or five VS. games from Nintendo, and six or seven others from licensed developers, introduced during the next year. So don't throw away or convert your VS. hardware.

Konami

Jail Break, Konami's best kit, was tested on settings that were just too hard. If you put the game on easy, I think you'll find that the earnings will increase. Konami's policy of introducing its games first in the U.S. and later in Japan will make it more difficult for foreign copy-board makers to make a big score early. *Rush 'N Attack* was introduced this way, and operator response on this kit was more than favorable. I was not impressed with the other Konami products shown, especially *Konami GT*, which needs more work before it can be considered a top driving contender.

Atari

Atari's three-player *Super Sprint* is a great idea, but could have been made to include more *Gauntlet*-like features and shifters such as those in *Sprint 2*. Even though I felt the game was rushed, it is a great-looking piece, except for its high price, probably around $4,000. There are eight different tracks, drone cars, hidden short cuts, and an add-a-coin feature (up to three players can join in at any time). As far as System I and System II software is concerned, Atari didn't have any ready just yet. But the company promises that it will be releasing new software for both systems very soon. Keep plugging, Shane Breaks and Jim Newlander, we operators need you.

Redemption

Betson Enterprises has, by far, the best redemption equipment available. In Figure 1 Wylie "On The Road" Irwin is surrounded by a six-player *Silver Ski* pusher, the *Big Choice* Belgium triple crane, and a row of *Skil-O-Bingo* games. In Figure 2 Walter Schirrmacher (left) and Steve Abel of Betson keep an eye on the *Fantasy Island* rotory merchandiser.

Pop-A-Shot

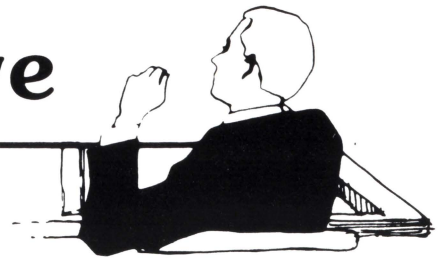
I promised to keep you updated on how to solve the static build-up problems (lock-up, breakdown of the ball-release-coil diode) of *Pop-A-Shot* games operated in very cold regions. Figure 3 shows two metal rods running from the ball gate to the front frame. The rods enable the rubber ball to discharge its own static electricity to ground while speeding up ball return and providing additional netting support. This is an excellent solution. Thanks Jay Barnes, Tony Bray, and Ken Cochrin.

There is much more to cover, and I'll do so in the next issue. I have two service tips from Bill Johnston of Buffalo and some info on *Raven*, which turned out to be an excellent pinball. For more information, call or write me at **Alpha-Omega Amusements, 6 Sutton Place, Edison, NJ 08837, (201)287-4990**. As always, keep cranking. •

Figure 3

Here's a close-up look at the two metal rods that have been added to the Pop-A-Shot *basketball game to discharge the static electricity from the rubber basketballs. This simple modification not only reduces lock-up problems, but provides for a quicker ball-return to the player (the game is on time) and additional netting support.*

Refinancing can save



by Joseph Arkin

Did you take out a fixed-rate mortgage between 1980 and 1983 to finance a home, business equipment, or real estate?

If so, you're likely saddled with a mortgage carrying a rate of from 12½ to 17½ percent.

It simply is a matter of arithmetic to figure whether it would pay you to refinance an existing mortgage.

A factor to consider is the cost to eliminate a high-rate mortgage and refinance at a lower rate brought about by an overabundance of money in the tills of lending institutions.

The first expense of refinancing is paying for a new title policy. Your old policy is not acceptable because your marital status may have changed in the interim or for other reasons. You'll also have to pay for a current appraisal of the property or equipment, a credit check, recording fees, and documentary stamps.

It also is likely that the lender, whether your current mortgage holder or a new lending institution, will ask for a termite and roof inspection.

These expenses and fees easily could be more than $1,000.

Another expense is the fee for your lawyer's attendance at the closing. (It is prudent to be represented by your own attorney.)

By far the largest expense will be the points (each equalling one percent of the loan amount) or origination fees charged for a new mortgage. These are negotiable, but in most parts of the country they average about three percent.

To illustrate, a 30-year fixed-rate mortgage at 10¼ percent for a $60,000 loan would cost three points, or $1,800. If your previous mortgage were at 14 percent, you would save approximately $2,000 a year at the lower rate. Together with the costs previously outlined, it would take about a year and a half to recover the $3,000 or so spent to refinance.

If the rate of the mortgage being refinanced were 12½ percent or lower, it would take between two and three years to recover the costs. For example, a 30-year fixed-rate mortgage of 10½ percent for a $60,000 loan would cost three points, or $1,800. The mortgagee paying an 11-percent rate would save approximately $1,200 a year at the lower rate, and it would take from two to three years to recover the costs, more likely closer to three years than two.

A point to consider for residential or business-property mortgages is whether you (the mortgagee) intend to sell within two or three years. If so, it doesn't pay to refinance, because the break-even point on refinancing (based on the rates illustrated) would be between one and a half to three years.

In refinancing, the new rate is locked in. If rates keep dropping you can (subject to the provision of prepayment clauses) refinance at the lower rates. On the other hand, if rates again rise, you are able to keep your low rate obtained by refinancing now.

You may have a mortgage with a relatively low interest rate, but with a balloon clause, which means that after a few years all of the mortgage balance becomes due. If rates rose you would have to find a new mortgage at a rate you could afford. If rates dropped you would be able to pay the ballooned balance by taking out a new mortgage at lower rates.

Miriam Levy, assistant vice president of the Ft. Launderdale, Fla., office of mortgage bankers Stockton, Whatley, Daven & Co., said, "These creative financing gambits should be gotten rid of, and there is no better time than now. Even if rates are low now, they might blow up one way or another in a different economic climate."

Your tax advisor will most likely tell you not to add the point cost to the mortgage, but to pay it at the closing, usually with a separate check. Points are tax deductible and will result in tax savings that reduce the cost of refinancing.

What can you save by refinancing? The following chart shows the savings to be had on a 30-year fixed-rate mortgage balance of $75,000 with a 15 percent rate refinanced with a 9¾ percent-rate mortgage, plus savings for other interest rates.

Mortgage Rate	Monthly Payment	Current New Payment at 9.75%	Monthly Savings
15.00	$948.33	$644.37	$303.96
14.50	918.42	644.37	274.05
14.00	888.65	644.37	244.28
13.50	859.06	644.37	214.69
13.00	829.65	644.37	185.28
12.50	800.44	644.37	156.07
12.00	771.46	644.37	127.09
11.50	742.72	644.37	98.35
11.00	714.28	644.37	69.87
10.50	686.05	644.37	41.68
10.00	658.18	644.37	13.81
9.88	651.26	644.37	6.89

TAX TIPS

By Irving L. Blackman

Beware alternative minimum tax

So you've just done a preliminary rundown on your tax liability for 1986, and you calculate that you have no taxable income. Time to celebrate? Not quite. There is a pool of tax quicksand out there called the alternative minimum tax (AMT) that could turn your celebration into a wake.

The AMT is designed to trap those taxpayers who have a large adjusted gross income (AGI) that escapes the regular income tax through various loopholes called tax-preference items. If you use any of the following tax-preference items to shelter your income, you may be subject to the AMT.

1. the dividend exclusion
2. accelerated depreciation on real property or leased equipment
3. percentage depletion and intangible drilling costs
4. ACRS deduction
5. capital-gains exclusion
6. incentive stock options
7. amortization of pollution-control facilities
8. circulation and research and experimental expenditures

If you use tax-preference items in combination with large itemized deductions, losses, and tax credits (such as the investment tax credit) that decrease your regular tax liability, you will almost always be caught in the AMT trap. Here's an example.

John Investor has an AGI of $200,000 that results in a regular tax liability of $10,000, using all credits and itemized deductions. His itemized deductinos include $20,000 for charitable contributions. John used the dividend exclusion of $200, had a capital-gain deduction of $72,000 on capital gains of $120,000, and took accelerated depreciation on leased equipment of $15,000.

John's AMT is calculated as follows:

Adjusted gross income		$200,000
Less—charitable contributions	$20,000	(20,000)
		180,000
Add—AMT tax preference;		
dividend exclusion	$ 200	
capital-gain exclusion	72,000	
accelerated depreciation	15,000	87,200
		267,200
Less—AMT exclusion		(40,000)
AMT taxable Income		227,200
AMT tax rate		20%
Alternative minimum tax		45,440
Less—regular tax liability		(10,000)
AMT liability		$ 35,440

(Note: The AMT allows certain regular itemized deductions, such as charitable contributions, to be deducted from AGI in calculating AMT. It also allows an exclusion, in our example $40,000 for a married taxpayer filing jointly, $20,000 for a single taxpayer.)

All is not lost, however. The AMT is a flat 20 percent tax. If your preliminary calculations indicate you will be caught in the AMT trap for 1986, accelerate as much income as possible into 1986, and defer deductions into 1987—a reversal of normal tax planning. You will have turned the trap to your advantage. The extra income will be taxed at the low 20 percent rate, while the deductions will offset 1987 income that will be taxed at higher regular rates. AMT planning pays. Do it. •

IRS tightens rule on investment seminars

The IRS goofed by putting a hangman's noose around the neck of a legitimate deduction for the cost of tuition for attending investment seminars. According to the IRS, investors attending such seminars must prove they learned something relating to their investment activity. Otherwise their deduction will be disallowed (Letter Ruling 8451027).

These are the facts: An investor enrolled in an investment seminar that discussed a broad overview of investment strategies and tax planning. The seminar consisted of five three-hour sessions in two and a half weeks. None of the topics addressed specific investments then owned by the investor.

Here is the IRS wording: "While you presently own business and investment interests, the investment and tax strategies and information presented at the seminar were of a generalized nature and lacked the requisite proximate relationship to your income-producing activities and your personal tax situation. This lack of proximate relationship precludes the allowance of any deduction."

It is impossible to understand the IRS' reasoning that an investor who attended an investment seminar for 15 hours didn't learn anything about producing income or investing. But now it appears the IRS will no longer allow a deduction for investment seminars unless the topics are specifically geared to at least one of the attending investor's investments.

What should you do? Go to the seminars, but keep brochures and take notes of what you learned with an eye toward one of your current investments. Also, for the IRS' satisfaction, document your investment transactions that are similar to the investment activity discussed at the seminar.

Fear not. The IRS has not heard the last from the investment world about its position on this subject. I pre-

dict that, just as it did in the auto recordkeeping-rules flap, the IRS will end up retreating on this issue. •

Transfer your business tax-free

One of the problems of a closely held family corporation is transferring the business to the younger generation in the family without having the bulk of the corporation's assets eaten up by the estate tax. An excellent way to freeze the value of the corporation so any appreciation will not be included in the owner's estate is by a recapitalization.

Here is a typical situation my clients find themselves in when they come to me for advice: Joe Success, in his middle 50s, is the sole shareholder of his lucrative family corporation. Joe is thinking about retirement and wants to transfer his corporation to the younger generation of the family. His goals are to:

1. Run the corporation until age 60;
2. After age 60, wean himself from the corporation's operations but remain as a consultant;
3. Keep voting control of the corporation until the younger generation can run the show without his help;
4. Assure himself of steady income after retirement without compensation from the corporation;
5. Provide for his wife's needs should he die before her;
6. Freeze the value of the business so that future growth will not be hit by the estate tax upon his death; and
7. Avoid paying income taxes when transferring the corporation to the younger generation.

Here's how a recapitalization can achieve Joe's goals tax-free. Joe exchanges his voting common stock for voting preferred stock in the corporation. Joe's children then receive non-voting common stock. The value of the corporation is frozen in the voting preferred stock, and any future appreciation will be reflected in the non-voting common stock, which will be excluded from Joe's estate

As a result Joe is able to retain control of the corporation for life without exposing the corporation's future growth to the estate tax. All this is accomplished tax-free with no current income tax. In addition, Joe is assured of income after retirement through dividends, which can continue to his wife in the event of his death.

But you say your family business is an S corporation and a recapitalization is useless because an S corporation can only have one class of stock. No problem. Two kinds of common stock are allowed for an S corporation: voting and non-voting. Joe still can accomplish his goals if he operates as an S corporation by exchanging part of his voting common stock for non-voting common stock. Then Joe begins an annual gift-giving program by transferring a portion of the non-voting stock to the younger generation of his family. The current value of the business and the future growth of the business are shifted to the next generation while Joe still maintains control. Again, this delightful tax trick can be accomplished tax-free.

There are many other considerations when planning a transfer of a closely-held corporation. Don't attempt it without consulting a tax professional. •

Borrow for your IRA contribution

A recent IRS letter ruling (8527082) allows you to do two tax-magic tricks.

First, you get an interest deduction for money borrowed on your IRA account.

Second, consider the overall tax advantages of an IRA. You can defer income up to $2,000 ($2,250 for married couples filing joint returns) for contributions made to an IRA account, and all income earned is tax-deferred until distributed after you reach age 59½. If you are in the 50-percent bracket, an IRA could save $1,000 a year in taxes.

Next consider the compound-interest magic of an IRA. At 10-percent interest, if you contribute $2,000 each year for 35 years, your $70,000 investment will yield $700,122 at the end of that time, a 1,000-percent return on investment.

Now take a look at this delightful tax scenario: You don't have the funds to make the annual IRA contribution. Each year for the next 10 years, you take out a four-year loan for $2,000 at 13.5 percent and contribute the proceeds to an IRA. After all the loans are paid off, because of the interest deductions, over the 10 years you will be out of pocket only $2,366.98 more than if you had made yearly $2,000 contributions without borrowing. That seems a small price to pay when you consider that your nest egg has survived some troubled times, earning $16,428 in tax-deferred interest while retaining a $20,000 principal sum. •

NATIONAL PLAY METER

Poll Information

The following are rankings of the top games in the coin-operated amusement industry. The games are ranked according to an index formulated from a regular survey of operators of coin-operated amusement equipment. Games not appearing on this poll either (1) did not generate a five percent response or (2) did not rank among the top 50 games in the country. The games are further identified by their general equipment classification type: Video, Pinball, and Novelty. The average index rating for all surveyed games for this individual survey was 81.

Top Ten Games of April 15 Issue

Game/Manufacturer	Index Rating
1. ***Gauntlet*/Atari**	**260**
2. ***High Speed*/Williams**	**216**
3. ***Hang-On* (upright)/Sega**	**193**
4. ***World Series*/Cinematronics**	**177**
5. ***Terra Cresta*/Nichibutsu**	**156**
6. ***Mat Mania*/Memetron**	**145**
7. ***Ghosts 'N Goblins*/Romstar/Taito**	**140**
8. ***Comet*/Williams**	**139**
9. ***The Legend of Kage*/Taito**	**131**
10. ***Cheyenne*/Exidy**	**129**

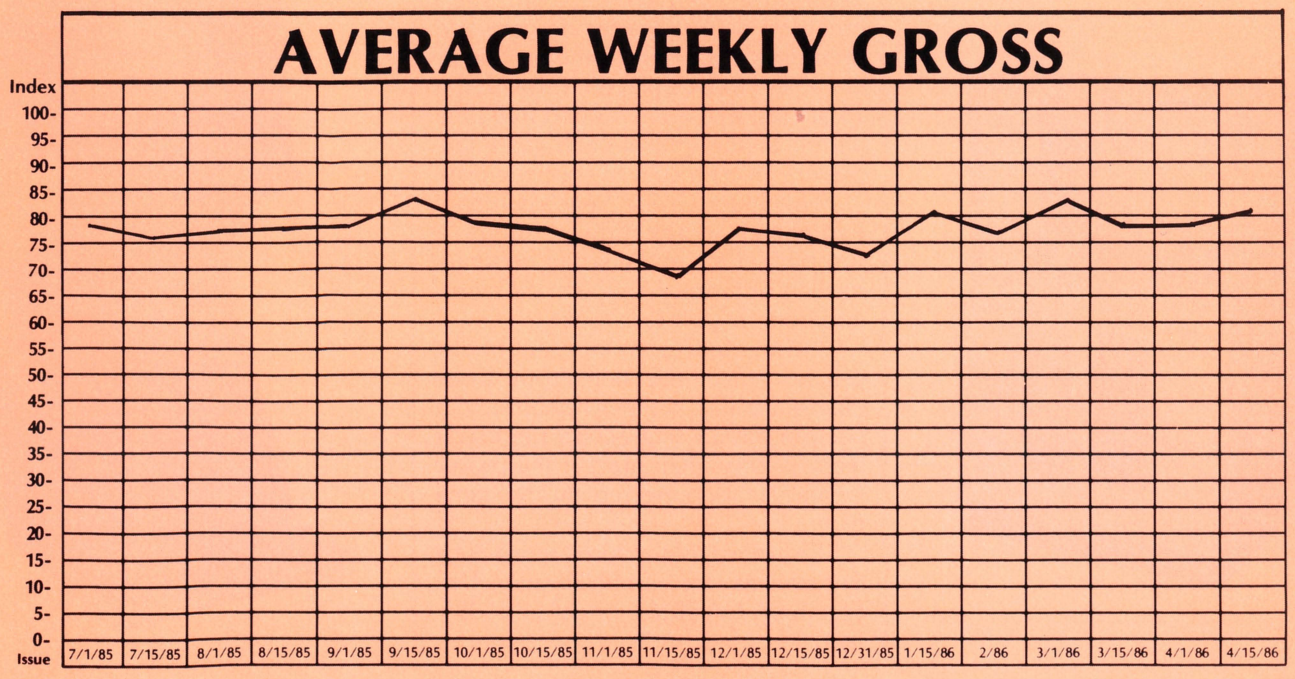
Game/Manufacturer	Apr. 15	Apr. 1	Mar. 15	Mar. 1	Video	Pinball	Novelty
1. *Gauntlet*/Atari	260	267	257	282	•		
2. *High Speed*/Williams	216	173	225	—		•	
3. *Hang-On (upright)*/Sega	193	209	195	162	•		
4. *World Series, The Season*/Cinematronics	177	147	129	—	•		
5. *Terra Cresta*/Nichibutsu	156	—	—	—	•		
6. *Mat Mania*/Memetron	145	126	134	151	•		
7. *Ghosts 'N Goblins*/Romstar/Taito	140	126	117	110	•		
8. *Comet*/Williams	139	137	126	131		•	
9. *The Legend of Kage*/Taito	131	—	—	—	•		
10. *Cheyenne*/Exidy	129	95	113	136	•		
11. *Hat Trick*/Bally Sente	128	—	45	89	•		
12. *Tic Tac Trivia*/Merit	123	106	—	91	•		
13. *Paperboy*/Atari	115	122	125	131	•		
14. *Temple of Doom*/Atari	110	110	110	150	•		
15. *Tiger Heli*/Romstar	106	134	96	—	•		
16. *Space Shuttle*/Williams	105	92	91	91		•	
17. *Choplifter*/Sega	104	129	129	155	•		
18. *Eight Ball Champ*/Bally Midway	102	78	91	86		•	
19. *Demolition Derby*/Bally Midway	101	102	88	91	•		
20. *Sorcerer*/Williams	100	86	86	79		•	
20. *Commando*/Data East	100	98	111	124	•		
22. *Pub Time Darts*/Nomac	98	—	—	117			•
23. *Spy Hunter*/Bally Midway	97	102	92	96	•		
23. *Kung Fu Master*/Data East	97	119	94	98	•		

NOTICE: The sole purpose of this survey is to determine on a regular basis the top performing games in the country. Any attempt to use the results of this survey for any other purpose is unauthorized, wrongful, and misleading.

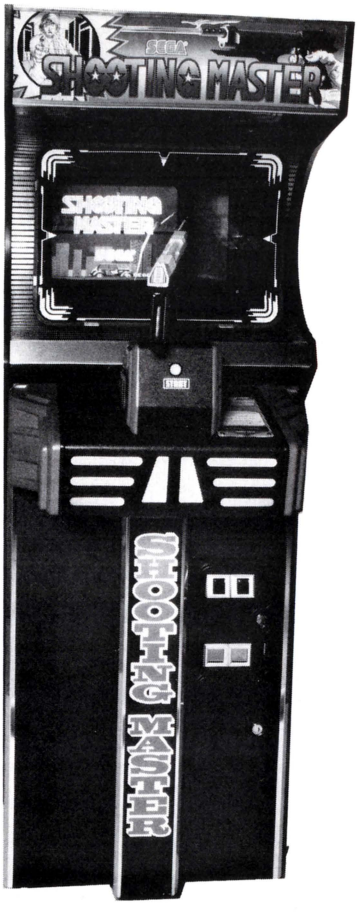
NATIONAL PLAY METER

Game/Manufacturer	Apr. 15	Apr. 1	Mar. 15	Mar. 1	Video	Pinball	Novelty
25. *Triv Quiz*/Status	95	56	63	120	•		
25. *Gunsmoke*/Romstar	95	101	79	122	•		
27. *Pole Position II*/Atari	94	77	69	89	•		
27. *Crossbow*/Exidy	94	59	71	—	•		
27. *Crackshot*/Exidy	94	—	74	—	•		
30. *Sex Trivia*/Merit	92	94	87	74	•		
31. *Mini Golf*/Bally Sente	91	77	94	115	•		
31. *Ring King*/Data East	91	134	111	93	•		
33. *Stocker*/Bally Sente	89	80	88	—	•		
34. *Magmax*/Nichibutsu	87	51	88	81	•		
34. *1942*/Romstar	87	93	88	107	•		
36. *Crown Golf*/Kitkorp	85	46	51	58	•		
36. *Rush 'N Attack*/Konami	85	92	98	106	•		
38. *Tag Team Wrestling*/Data East	84	47	44	64	•		
38. *Firepower II*/Williams	84	69	62	71		•	
40. *Cybernaut*/Bally Midway	82	55	81	—		•	
40. *Rock*/Premier	82	109	133	86		•	
42. *Shanghai Kid*/Memetron	80	93	80	73	•		
43. *Duck Hunt*/Nintendo	79	66	59	76	•		
44. *Karate Champ*/Data East	78	84	63	83	•		
44. *Crowns Golf*/Digital Controls	78	—	53	—	•		
46. *10-Yard Fight '85*/Memetron	76	65	61	74	•		
46. *T.N.K. III*/Kitkorp	76	60	72	138	•		
48. *English Mark Darts*/Arachnid	75	53	56	58			•
49. *Video Trivia*/Grayhound	74	49	65	52	•		
50. *VS. Baseball*/Nintendo	72	70	59	80	•		
50. *Eight Ball Deluxe*/Bally Midway	72	68	70	79		•	

AVERAGE WEEKLY GROSS



Hang-On Mini, Shooting Master, Space Harrier, Space Crane



Sega Enterprises has added three video games and a merchandiser to its product line.

Hang-On Mini plays exactly as a *Hang-On* upright, but it has a smaller, 18-inch monitor. It comes with handlebars, a throttle, and brake control.

Shooting Master is a gun game featuring a recoiling gun mechanism that lets players feel the impact of every shot. A reflective two-way mirror provides depth and enhances graphics.

Players test their shooting skill by rescuing a captured princess from gangsters while protecting themselves from hidden enemies. Skill determines the life of the player, and the number of lives can be preset.

Space Harrier is a space-combat game that has a graphic capacity of up to 32,000 different colors. It is available in three models: upright, sit-down, and a rolling cabinet that plays like a flight simulator.

Space Harrier players must fly through stages of the game by avoiding futuristic obstacles and defending themselves from such creatures as two-headed dragons and prehistoric cyclops mammoths. Shooting ability moves players through the 18 stages, and a ten-second free time period at the end of each game lets players insert a coin to continue play.

The *Space Crane*, Sega's compact two-player merchandiser, offers a turntable that can be set to continue turning or stop when the crane's arm attempts to pick up a prize.

Other features include background-music selection from three different tunes, a timer option, and a backup circuit that allows the credit display to remain intact if the power supply is disconnected during game play.

For more information, write Sega Enterprises, Inc., 2149 Paragon Dr., San Jose, CA 95131, or call (408) 435-0201.

Iron Horse, Jailbreak

Konami has introduced two new kits: *Iron Horse* and *Jailbreak*.

In *Iron Horse*, a western-themed game, the hero must hold off bands of outlaws and varmints attempting to rob a train. The player is armed with a pistol, whip, or strong-arm punch, selected at the start of the game. Triple scrolling is used to create a three-dimensional effect.

Jailbreak features a prison breakout complete with hostages, desperate prisoners, and a cops-and-robbers chase through city streets and parks, across bridges, and inside the prison. Armed with a pistol, a bazooka, and tear gas, the player must use skill, strategy, and quick reflexes to outmaneuver the mob. Obstacles include molotov cocktails, hand-to-hand combat, sniping from windows and rooftops, and an attack from a speeding truck. The mission is to save innocent bystanders taken hostage and rescue the prison warden.

For more information, write Konami, Inc., 1555 Brummel Ave., Elk Grove Village, IL 60007, or call (312) 364-6633.

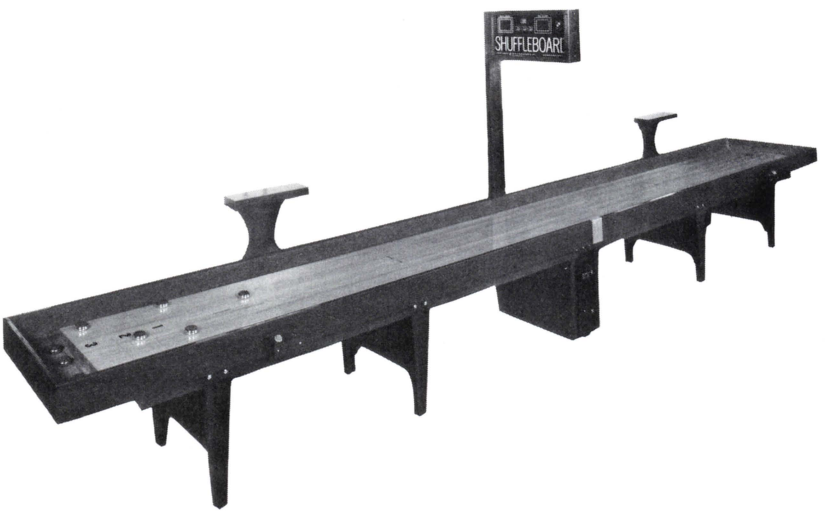
Rock Encore, Raven

Premier Technology has introduced a pinball conversion, *Rock Encore*, and a new pin, *Raven*, that incorporates a female version of the Rambo theme.

Rock Encore is a "booster-pack" no-solder kit that converts the sounds and backglass artwork of *Rock* to give the game a new look. For a limited time *Rock Encore* also is available as a dedicated game. *Raven*'s playfield is an aerial view of a prisoner-of-war camp and includes a three-dimensional moving helicopter. Other features include a split-level ramp, individual "sniper" drop targets, and a photographic backglass of *Raven*'s female commando. Songwriter Ken Hale composed the music for both *Rock* and *Raven*.

For more information, write Premier Technology, 759 Industry Dr., Bensenville, IL 60106, or call (312) 350-0400.

Playfair Shuffleboard



Playfair Shuffleboard Co. has introduced a coin-operated shuffleboard game available in 16-foot and 22-foot lengths.

Both sizes of *Playfield Shuffleboard* feature a microprocessor-controlled scoring unit, a hardwood maple playing surface, and over-under cash-box doors.

For more information, write Playfair Shuffleboard Co., Inc., 2303 Dale Dr., Fort Wayne, IN 46819, or call (219) 747-7288.

Billboard©

TOP TEN

Hot 100

TITLE	ARTIST Label & Number/Distributing Label
1. ROCK ME AMADEUS	FALCO A&M 2821
2. KISS	PRINCE AND THE REVOLUTION PAISLEY PARK 7-28751/WARNER BROS.
3. MANIC MONDAY	BANGLES COLUMBIA 38-05757
4. R.O.C.K. IN THE U.S.A. (A SALUTE TO 60'S ROCK)	JOHN COUGAR MELLENCAMP RIVA 884 455-7/POLYGRAM
5. WHAT YOU NEED	INXS ATLANTIC 7-89460
6. ADDICTED TO LOVE	ROBERT PALMER ISLAND 7-99570/ATLANTIC
7. LET'S GO ALL THE WAY	SLY FOX CAPITOL 5552
8. WEST END GIRLS	PET SHOP BOYS EMI-AMERICA 8307
9. HARLEM SHUFFLE	THE ROLLING STONES ROLLING STONES 38-05802/COLUMBIA
10. TENDER LOVE	FORCE M.D.'S WARNER BROS./TOMMY BOY 7-28818/WARNER BROS.

Adult Contemporary

TITLE	ARTIST Label & Number/Distributing Label
1. OVERJOYED	STEVIE WONDER TAMLA 1832/MOTOWN
2. TENDER LOVE	FORCE M.D.'S WARNER BROS./TOMMY BOY 7-28818/WARNER BROS.
3. THESE DREAMS	HEART CAPITOL 5541
4. SECRET LOVERS	ATLANTIC STARR A&M 2788
5. NIKITA	ELTON JOHN GEFFEN 7-28873/WARNER BROS.
6. I THINK IT'S LOVE	JERMAINE JACKSON ARISTA 1-9444
7. WHISPER IN THE DARK	DIONNE WARWICK ARISTA 1-9460
8. NOW AND FOREVER (YOU & ME)	ANNE MURRAY CAPITOL 5547
9. TAKE ME HOME	PHIL COLLINS ATLANTIC 7-89472
10. GREATEST LOVE OF ALL	WHITNEY HOUSTON ARISTA 1-9466

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Country

TITLE	ARTIST Label & Number/Distributing Label
1. SHE AND I	ALABAMA RCA 14281
2. CAJUN MOON	RICKY SKAGGS EPIC 34-05748
3. WE'VE GOT A GOOD FIRE GOIN'	DON WILLIAMS CAPITOL 5526
4. YOU'RE SOMETHING SPECIAL TO ME	GEORGE STRAIT MCA 52764
5. NOW AND FOREVER (YOU & ME)	ANNE MURRAY CAPITOL 5547
6. ONCE IN A BLUE MOON	EARL THOMAS CONLEY RCA 14282
7. FEELIN' THE FEELIN'	THE BELLAMY BROTHERS MCA/CURB 52747/MCA
8. I HAD A BEAUTIFUL TIME	MERLE HAGGARD EPIC 34/05782
9. 1982	RANDY TRAVIS WARNER BROS. 7-28828
10. GRANDPA (TELL ME 'BOUT THE GOOD OLD DAYS)	THE JUDDS RCA/CURB 14290/RCA

Dance Disco

TITLE	ARTIST Label & Number/Distributing Label
1. KISS (REMIX)/LOVE OR MONEY	PRINCE & THE REVOLUTION PAISLEY PARK 0-20442 WARNER BROS.
2. WHAT HAVE YOU DONE FOR ME LATELY	JANET JACKSON A&M SP-12167
3. WHENEVER YOU NEED SOMEBODY	O'CHI BROWN MERCURY 884 572-1/POLYGRAM
4. WEST END GIRLS (REMIX)	PET SHOP BOYS EMI-AMERICA V-19206
5. I CAN'T WAIT	NU SHOOZ ATLANTIC 0-86828
6. ANOTHER NIGHT (REMIX)	ARETHA FRANKLIN ARISTA AD1-9454
7. ROCK ME AMADEUS/VIENNA CALLING	FALCO A&M SP-12170
8. CRUSH ON YOU	THE JETS MCA 23613
9. (YOU ARE MY) ALL AND ALL	JOYCE SIMS SLEEPING BAG SLX17
10. HIT THAT PERFECT BEAT	BRONSKI BEAT MCA 23605

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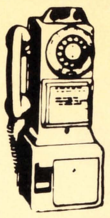

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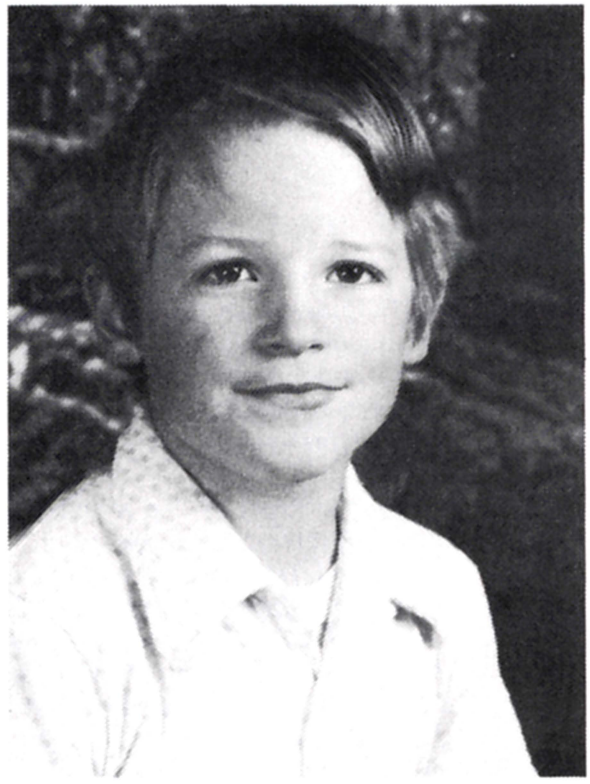
Eyes: Brown
Hair: Brown
Height: Average
Weight: Average

Disappeared 10/25/84
from Hillsboro, Oregon



Luke Aaron Tredway

Age: 11
Eyes: Brown
Hair: Dark Blonde
Height: Average
Weight: Average

Disappeared 5/23/84
from Portland, Oregon

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GUEST COMMENTARY

Players, not equipment, provide industry backbone

by Steve Hochman

To paraphrase the Bible, the cuckoo is loose again.

Before you start writing letters to the editor, let me explain. It seems that the vast majority of articles in our trade publications now concentrate on the theme of going "back to basics." The distributors who call us and their sales staff who visit us seem to be inculcated with this same propaganda. In my town we spell this O-s-c-a-r M-a-y-e-r. In your town you probably spell it b-o-l-o-g-n-a.

Our industry is like a hen-house, with the factories, distributors, and operators all scratching the ground for the kernal of corn of the future. Even if they found it, I doubt they would know what to do with it. After all, Chicken Little did say the sky is falling.

For the past 21 years I've been told by the hen-house gang that the backbone of our industry is the jukebox. Or was it the pool table? Maybe it was a shuffle. It's hard to remember all those backbone sayings.

The point is that the backbone of our industry never was any piece of equipment. The true, one-and-only backbone is the player. You remember him—he's the one who puts the quarters in our equipment.

There are several ways we can try to find out what players want. There's the old trial-and-error technique—simply buy everything you see at trade shows or your distributor's showroom. A few years ago this method worked; nearly every new game made money.

A variation on that theme is the chart method. The major trades publish them, and they are fairly accurate. You see what is hot and order a few. The only problem is that you may be wrong either way. So let's go back to the real backbone—the player—and ask him.

Too often we sit in our offices and determine what is best for our locations. Do we ever ask the players at the locations? Do we ever really listen to what they have to say? Probably not. And, after all, it is the players who support us, the coin-op amusement industry. Fail to deliver the amusement the player wants, and there are no coins for the operator.

Spend a little extra time at your locations. While you're there, clean the equipment and perform a little preventative maintenance. Talk to the players and listen. I'm not suggesting that you let location owners dictate equipment demands. A friend of mine, Sam Morrison of Music Moments in the Bronx, N.Y., calls location owners the give-me, get-me, lend-me's.

I'm trying to say that not every piece of equipment is right for all locations. And don't forget that locations change. Remember the old railroad-crossing sign—stop, look, and listen. •

[*Editor's note: Steve Hochman of Crown Vending Co. is a Corona, N.Y., operator and president of the New York State Coin Machine Association.*]

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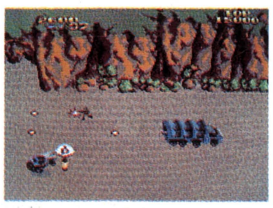

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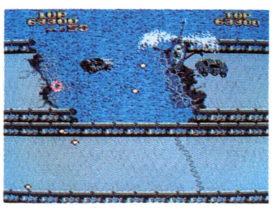

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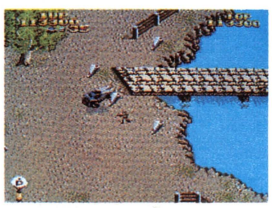

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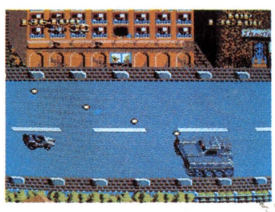

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